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11 UNITED STATES DISTRICT COURT
12 CENTRAL DISTRICT OF CALIFORNIA

13 VICKI J. AZNARAN and) CASE No. CV 88-1786 JMI (Ex)
14 RICHARD N. AZNARAN,)
15 Plaintiffs,) NOTICE OF MOTION AND RENEWED MOTION
16 vs.) TO RECUSE THE HONORABLE JAMES M.
17 CHURCH OF SCIENTOLOGY OF) IDEMAN; MEMORANDUM OF POINTS AND
CALIFORNIA, et al.,) AUTHORITIES; DECLARATIONS OF
18 Defendants.) KENDRICK L. MOXON, MONIQUE E.
19 AND RELATED COUNTERCLAIM.) YINGLING AND LAURIE J. BARTILSON
20) IN SUPPORT THEREOF
21)
22) DATE: September 21, 1992
23) TIME: 10:00 a.m.
24) COURTROOM: HON. JAMES M. IDEMAN
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OTHER AUTHORITIES

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TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

PLEASE TAKE NOTICE that on September 21, 1992 at 10:00 a.m. in the Courtroom of the Honorable James M. Ideman of the United States District Court for the Central District of California, located at 312 N. Spring Street, Los Angeles, California 90012, defendants Religious Technology Center, Church of Spiritual Technology and Church of Scientology International ("defendants") will move, and do hereby move, this Court to recuse itself and to order that this case be reassigned to another Judge of this Court pursuant to 28 U.S.C. § 455, Canon 3 of the Code of Judicial Conduct and General Order 224 of this Court.

As grounds for this motion, defendants state that the Court has, on August 18, 1992, recused itself in the case of Church of Scientology of California v. United States, Case No. CV-90-2042-JMI (GHKx) ("C.S.C. v. U.S.") in order to avoid the appearance of impropriety because of its relationship with Charles Jeglikowski, a defendant in that case. The Court stated that while this basis for recusal had been brought to the attention of another Judge of the Court in connection with prior motions for recusal, this Court had not been asked to recuse itself on the grounds of that relationship.

This motion is brought because Mr. Jeglikowski is also involved in this case, through his activities as Assistant District Counsel for the IRS District Counsel's Office in Thousand Oaks and the IRS counsel positions which he held before that, and the same grounds for recusal are applicable

1 here. Defendants therefore bring these grounds to the
2 attention of this Court, so that it may have the opportunity to
3 disqualify itself in this case as well in the interests of
4 avoiding an appearance of impropriety.

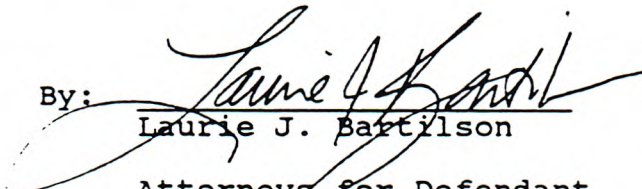
5 This Motion is based on this Notice and Renewed Motion,
6 the accompanying Memorandum of Points And Authorities, the
7 Declarations of Monique E. Yingling, Kendrick L. Moxon and
8 Laurie J. Bartilson, the complete files and records in this
9 action, and such evidence as may be presented at any hearing
10 held on this Motion.

11 Dated: August 25, 1992

Respectfully submitted,

BOWLES & MOXON

12
13
14 By:


Laurie J. Bartilson

Attorneys for Defendant
CHURCH OF SCIENTOLOGY
INTERNATIONAL

Earle C. Cooley
COOLEY, MANION, MOORE &
JONES, P.C.

Attorneys for Defendants
CHURCH OF SPIRITUAL
TECHNOLOGY, RELIGIOUS
TECHNOLOGY CENTER

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PRELIMINARY STATEMENT

Defendants Church of Spiritual Technology ("CST"), Religious Technology Center ("RTC") and Church of Scientology International ("CSI") (collectively, "defendants") have previously moved to recuse this Court in this case on September 4, 1991. That motion was referred by this Court to the Hon. J. Spencer Letts for consideration pursuant to section 5.0 of General Order 224. This renewed recusal motion is filed, not to rehash the ground covered in the earlier motion nor for the purpose of having another Judge consider its merits, but on narrow grounds arising from an order just issued by this Court, recusing itself in a different case filed by a Church of Scientology.

On August 18, 1992, this Court entered a sua sponte order recusing itself in CSC v. United States, et al., No. CV-90-2042-JMI (GHKx) ("CSC v. US"). A recusal motion had been filed by CSC in that case on September 24, 1991. However, because the recusal motion filed on September 4, 1991 in this case had been assigned to the Hon. J. Spencer Letts, the recusal motion in CSC v. US was referred by the Clerk's office to Judge Letts. This Court therefore had no opportunity to rule on that motion, as acknowledged in its August 18 recusal order.

In that order, the Court recused itself based on its relationship with Charles Jeglikowski, IRS District Counsel, who is a defendant in CSC v. US. The Court stated that it was aware that CSC had previously urged that relationship as a ground for recusal, but that the argument had not been made to

1 this Court, but only to Judge Letts.

2 Based on the reasoning of the August 18 recusal order,
3 defendants bring this motion to ensure that the Court is
4 informed of additional facts of which it was undoubtedly
5 unaware showing that Mr. Jeglikowski, while not a party to this
6 case, also has extensive involvement in the case and with
7 plaintiffs. Defendants believe that the Court would wish to be
8 informed of these matters so that it can consider the issuance
9 of an order similar to the sua sponte order issued in C.S.C. v.
10 U.S.. The facts of Mr. Jeglikowski's involvement in this case
11 are detailed below. Defendants respectfully submit that, based
12 on the Court's relationship to Mr. Jeglikowski, recusal under
13 the standard of 28 U.S.C. § 455 is also warranted here.

14 **STATEMENT OF FACTS**

15 Last September, this Court was presiding over four cases,
16 two of which were consolidated, in which Churches of
17 Scientology were parties. For a number of reasons which were
18 briefed extensively at that time and will not be repeated here,
19 those Church parties and their counsel came to the conclusion
20 that the Court's presiding over those cases raised an
21 appearance of impropriety. The decision was initially reached
22 in this case, and defendants filed a recusal motion on
23 September 4, 1991, challenging the Court's continued
24 participation in this case. When the recusal motion was first
25 presented to this Court for its determination of whether it
26 would disqualify itself, the Court declined to do so, ordering
27 that the motion be referred to another Judge of the Court for

1 decision. (Ex. A, Letter of Sept. 5, 1991.) The Clerk
2 subsequently assigned the motion to the Hon. J. Spencer Letts
3 for determination.

4 Additional events occurred, and prior to the hearing on
5 the motion to disqualify in this case, recusal motions were
6 filed in the other three Church-related cases assigned to this
7 Court, one in CSC v. US and one in the consolidated cases of
8 Religious Technology Center v. Scott, CV 85-711 JMI(Bx) and
9 Religious Technology Center v. Wollersheim, CV 85-7197 JMI(Bx)
10 (collectively, "RTC v. Scott"). Those two motions were filed
11 on September 24, 1991 and were also referred to Judge Letts,
12 but were not sent to this Court first to make its own
13 determination. Judge Letts subsequently denied all three
14 motions.

15 Because the two later recusal motions were not first sent
16 to the Court, the Court apparently was not informed of the
17 grounds for recusal which they raised. However, according to
18 the August 18 recusal order, the Court has recently been
19 reviewing files in CSC v. US and discovered the contents of the
20 recusal papers. In the reply in support of the recusal motion,
21 CSC had presented facts showing that Mr. Jeglikowski, who is a
22 defendant in that case, was a friend and associate of the
23 Court, having served together in the Judge Advocate General
24 Corps, and Mrs. Jeglikowski and Mrs. Ideman were also social
25 friends. (Ex. B, Plaintiffs' Reply to Opposition to Motion to
26 Recuse the Honorable James M. Ideman, at 5-6.)

27 Having determined that this relationship with the
28

1 Jeglikowskis served to create an appearance of impropriety, the
2 Court disqualified itself, noting that it had "never been asked
3 to recuse itself from this case on these specific grounds."
4 (Ex. C, August 18 Order, at 2 (emphasis in original).) If the
5 Court feels that the Jeglikowski relationship creates an
6 appearance of impropriety in CSC v. US, defendants are
7 confident that the Court will feel likewise when presented with
8 the facts of Mr. Jeglikowski's involvement in this case.

9 Mr. Jeglikowski is currently the Assistant District
10 Counsel for the Internal Revenue Service's Thousand Oaks
11 Office, the number two position in that office. Prior to that
12 assignment, he occupied a position as a senior attorney in the
13 Los Angeles District Office. In the course of his present and
14 prior assignments, Mr. Jeglikowski has involved himself in a
15 number of matters relating to Churches of Scientology,
16 including this case.

17 On a monthly basis, various employees of the IRS,
18 including counsel and IRS agents and revenue officers, attend
19 meetings in Pasadena which are scheduled and presided over by
20 Mr. Jeglikowski. The subject matter of those meetings is the
21 Churches of Scientology, their pending matters with the IRS,
22 and other matters placed on the monthly agendas, including the
23 Church's civil litigation, which is a regular monthly feature
24 of these meetings. Agendas of those meetings, released
25 pursuant to the Freedom of Information Act, typically black out
26 the items related to Church of Scientology civil litigation.
27 However, one agenda shows that in a meeting apparently held in
28

1 January 1990 (as it was a follow up to a meeting of December 6,
2 1989), under a heading of "8. Status Report on civil suits
3 connected to the Church," two agenda items were "b. Yanney'
4 [sic]" and "c. The Aznarans." (Ex. D, FOIA documents.) While
5 the other agendas released have been redacted to such a degree
6 that the names of the civil suits being discussed cannot be
7 identified, it is likely that major civil litigation such as
8 this case has appeared on similar monthly agendas.

9 Mr. Jeglikowski is tied into a number of other IRS
10 activities related to the Aznarans and their counsel or others
11 connected with them. A number of attorneys who worked under
12 Mr. Jeglikowski or in the same offices have had involvement
13 with the Aznarans in a variety of ways. For example, in May
14 1988, District Counsel Greg Roth, met with the Aznarans and
15 their now-former, disqualified attorney, Barry Van Sickle.
16 (Ex. E, Deposition of Vicki Aznaran at 377-379.) Mr. Roth and
17 Mr. Jeglikowski both worked as counsel in the IRS's Los Angeles
18 office at the time, and both are now District Counsel in the
19 Thousand Oaks office. (Ex. F, Deposition of Greg Roth, at 11-
20 12; Ex. O, Deposition of Charles Jeglikowski, at 6-7.) Along
21 with an agent of the Exempt Organizations Division, and
22 pursuant to a summons that identified the complaint in this
23 case as the subject matter to be explored (Ex. H, Summonses),

24 ¹ As the Court is aware, Joseph Yanny is the former counsel for
25 the Church plaintiffs in RTC v. Scott and also served as counsel
26 for RTC and represented other Scientology Churches, with a wide
27 area of responsibility. This Court disqualified Yanny from
representing plaintiffs in this case when he made an appearance in
the case last year.

1 Mr. Roth interviewed the Aznarans for five hours, extensively
2 questioning them regarding their former involvement with the
3 Church and about this lawsuit and the intimate details related
4 to each of the allegations. (Ex. I, Excerpts of transcript.)
5 Besides questioning the Aznarans, Roth and the other agent
6 present at the meeting urged the Aznarans to continue with this
7 action and made derogatory remarks about the Church. (Ex. J,
8 Transcript, at 11-13.)² The Aznarans' connection to and
9 cooperation with Mr. Jeglikowski's office through Mr. Roth was
10 at first denied. However, the tape recording of that interview
11 was ordered to be produced to defendants by the Aznarans by
12 Magistrate Eick in this case in January of 1989, after granting
13 defendants' motion to compel in this case. (Ex. L, Order.)

14 Toby Plevin is an anti-Scientology attorney who represents
15 several individuals in litigation against various Churches.
16 Ms. Plevin was contacted by Mr. Jeglikowski about the Church
17 and met with him. (Ex. M, Plevin Deposition at 33-35.) Mr.
18 Jeglikowski set up a subsequent meeting between Ms. Plevin and
19 Revenue Officer Sandra Baker and other IRS employees, including
20 an attorney who worked under Mr. Jeglikowski. (Ex. M, Plevin
21 Deposition, at 36-37.) At the later meeting, Ms. Plevin
22 recommended the Aznarans to Ms. Baker as potential witnesses
23
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26 ² Yanny was seminal in arranging this interview, through Al
27 Lipkin of the Criminal Investigation Division of the IRS. (Ex. K,
28 Lipkin Deposition, at 154-155.)

1 for the IRS to use against the Church. Id. at 64-66.³

2 Ms. Baker has been a pivotal agent in attacks upon the
3 Church, through illegal levies and penalty assessments and
4 other strong-arm collection tactics. (Declaration of Kendrick
5 L. Moxon, ¶ 2.) It is her activities in that regard that form
6 the basis for the C.S.C. v. U.S. case. In a recent meeting
7 with Beverly Blanke, an IRS Appeals Officer with whom Church
8 counsel have been discussing improper 100% penalty assessments
9 issued by Ms. Baker against various Church staff, Ms. Blanke
10 informed Church counsel that Ms. Baker has relied on statements
11 made by Vicki Aznaran to Ms. Baker for much of the information
12 upon which she based the penalty assessments. (Declaration of
13 Monique Yingling, ¶ 2.) This is a critical factual component
14 of this motion, because it is Mr. Jeglikowski's contacts with
15 Ms. Plevin that led Revenue Officer Baker to Vicki Aznaran to
16 serve as an informant for Baker in her activities.

17 The defendants' former counsel (and the Aznarans' current
18 "covert" counsel who was twice been prohibited from
19 representing the Aznarans publicly in this case), Joseph Yanny,
20 has participated in this whole network of anti-Scientology
21 operations in other ways. Last year, IRS District Counsel
22 Gordon Gidlund, who is on Mr. Jeglikowski's staff, was in
23 contact with Yanny (who also appeared for the Aznarans in this
24

25 ³ Ms. Plevin actually made an appearance on behalf of the
26 Aznarans on March 5, 1990 in a separate action by the Aznarans
27 against these and other defendants (Aznaran v. Church of
28 Scientology International, C.D.Cal. No. 89-6319-R). (Ex. N,
Transcript of Proceedings)

1 case last year) regarding subpoenas issued to Yanny by Ms.
2 Baker. (Ex. O, Letter of October 1, 1991.) The subpoenas
3 issued to Yanny were subsequently withdrawn by the IRS after
4 Church counsel were informed of them and filed suit to stop the
5 IRS from improperly going behind the back of Yanny's former
6 clients to supply privileged information to the IRS.

7 (Declaration of Kendrick L. Moxon, ¶ 3.) Nevertheless, while
8 the Church ultimately prevailed in forcing the withdrawal of
9 the unlawful subpoenas, the anti-Church efforts coordinated by
10 Mr. Jeglikowski's subordinate, Mr. Gidlund, and Ms. Baker would
11 have been successful if the Church had not been advised of them
12 and taken action.

13 Thus it can be seen that Mr. Jeglikowski, directly and
14 through his subordinates and associates, has had a long
15 involvement with the Aznarans and those connected with them in
16 connection with this case (as evidenced by the tapes ordered
17 produced in this action). He also monitors this litigation in
18 his monthly meetings and initiates and maintains contact with
19 allies of the Aznarans with respect to defendants. He
20 coordinates with a number of individuals, both IRS staff and
21 private litigants and their lawyers, who are connected to this
22 litigation directly or indirectly. Because of that
23 involvement, viewed in conjunction with Mr. Jeglikowski's
24 relationship with the Court, defendants urge this Court to
25 issue a recusal order similar to that issued in the C.S.C. v.
26 U.S. case.

27 ///

1 S.Ct. 948 (1987). However, in ruling on such a motion, the
2 judge must look beyond the facts presented by the moving party
3 and also take into account facts known to the judge, whether in
4 "public" or "hidden view." State of Idaho v. Freeman, 507 F.
5 Supp. 706, 722-23 (D.Idaho 1981). The judge is not to engage
6 in an "introspective estimate of his own ability impartially to
7 hear a case," but is to apply an objective standard. Roberts
8 v. Bailar, 625 F.2d 125, 129 (6th Cir. 1980).

9 Moreover, when there is doubt in the Court's mind, it
10 should be resolved in favor of the party seeking recusal.
11 Church of Scientology of California v. Cooper, 495 F.Supp. 455,
12 461-462 (C.D. Cal. 1980);⁴ Hall v. Small Business
13 Administration, 695 F.2d 175, 178-179 (5th Cir. 1983). Aside
14 from statutory requirements, courts have stated that judges
15 have inherent responsibility to assure "the appearance of
16 detached impartiality." Matter of Horton, 621 F.2d 968, 970.
17 (9th Cir. 1980) (emphasis added); State of California v.
18 Kleppe, 431 F.Supp. 1344, 1350 (C.D. Cal. 1911) (" . . . The
19 Judiciary should not only be impartial, but always appear
20 impartial"). In fact, for a judge to appear partial is just as
21 dangerous as a judge actually being partial. United States v.
22 Conforte, 624 F.2d 869, 891 (9th Cir.), cert. denied, 449 U.S.
23 1012, 101 S.Ct. 568 (1980).

24
25 ⁴ In the Cooper case, this Court ruled that the language of
26 § 455(a) mandating disqualification by a Judge any time "his
27 impartiality might reasonably be questioned," warranted recusal
even in a case where the Court recalled the facts to be different
than alleged in the plaintiff's affidavit since the affiants
believed their affidavits to be reasonable. Id. at 461.

1 Noted by the District Court for the Eastern District of
2 New York:

3 This "appearance to the community" test replaced the
4 "substantial interest" standard of the former statute and
5 was intended to incorporate the "appearance of
6 impropriety" test existing in the Code of Judicial
7 Conduct. . . . The legislative history surrounding
8 subsection (a) indicates that the objective standard
9 embodied in the statute "is designed to promote public
10 confidence in the impartiality of the judicial process. .
11 . ." In order to maintain this public confidence
12 "disqualification may be required even when there is no
13 actual bias or prejudice." . . . This is so because the
14 "appearance of impartiality is virtually as important as
15 the fact of impartiality." As Judge Weinfeld aptly
16 pointed out, "[a] cardinal principle of our system of
17 justice is that not only must there be the reality of a
18 fair trial and impartiality in accordance with due
19 process, but also the appearance of a fair trial and
20 impartiality."

21 United States v. Pepper & Potter, Inc., 677 F.Supp. 123, 125-
22 126 (E.D.N.Y. 1988) (citations omitted).

23 Even if movants do not challenge a judge's actual
24 impartiality, the statute mandates his recusal, since "[t]he
25 weightier concern here is for the average person on the street
26 whose confidence in the probity of the judicial process is as
27 important and vital as the ability of a given judge to preside

1 fairly in a given case." Id. at 126 (citation omitted).

2 As discussed above, the Court has just recused itself sua
3 sponte in a Church case because of its relationship to Mr.
4 Jeglikowski and the presence of Mr. Jeglikowski as a defendant
5 in that case. While not a party in this litigation, Mr.
6 Jeglikowski is involved in it, and maintains ties to the
7 Aznarans, their counsel and their allies directly or through
8 his associates and subordinates. He personally made a contact
9 through which the Aznarans' participation as IRS witnesses was
10 recommended and created. His office, through Mr. Roth,
11 interviewed the Aznarans pursuant to a subpoena that identified
12 as its subject matter the complaint in this case. His
13 involvement with these litigants and this litigation, while
14 covert, is by no means minor. In such circumstances, for this
15 Court, as Mr. Jeglikowski's friend and former associate, to
16 preside over this case raises an appearance of impropriety.
17 The Court should recuse itself here, as it did in CSC v. US.

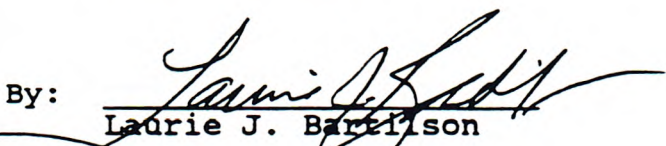
18 CONCLUSION

19 This Court has deemed its relationship with Charles
20 Jeglikowski to be sufficient grounds for recusal to avoid the
21 appearance of impropriety in a case where Mr. Jeglikowski is a
22 defendant and a Church of Scientology is the plaintiff. The
23 Court has pointed out that it did not discover that this ground
24 for recusal had been advanced by plaintiffs until reviewing the
25 file in that case. While Mr. Jeglikowski is not a party in the
26 instant case, he has, however, been involved with this case and
27 with the plaintiffs, both directly and indirectly, on a

1 continuing basis in an alliance designed to benefit plaintiffs
2 and the IRS. His involvement here, in the case over which his
3 friend and former colleague presides, raises an appearance of
4 impropriety, just as his presence as a defendant in the CSC v.
5 US case did. The Court should recuse itself and order that the
6 case be assigned to another Judge in the usual fashion.

7 DATE: Aug 25, 1992

Respectfully submitted,
BOWLES & MOXON

By: 
Laurie J. Bartilson

Attorneys for Defendant
CHURCH OF SCIENTOLOGY
INTERNATIONAL

Earle C. Cooley
COOLEY, MANION, MOORE &
JONES, P.C.

Attorneys for Defendants
CHURCH OF SPIRITUAL
TECHNOLOGY, RELIGIOUS
TECHNOLOGY CENTER

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DECLARATION OF MONIQUE E. YINGLING

I, Monique E. Yingling, hereby declare:

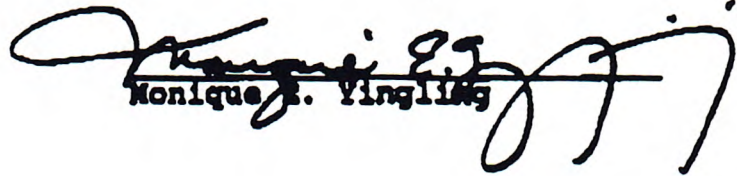
1. I am a partner with the law firm of Zuckert, Scoutt & Rasenberger in Washington, D.C. I represent a number of Churches of Scientology and individual Church of Scientology staff before the Internal Revenue Service. I have personal knowledge of the facts set forth below, and if called upon to do so, could and would competently testify thereto.

2. I have had numerous contacts with Sandra Baker, a Revenue Officer in the IRS Los Angeles Office, related to assessments made against various Churches of Scientology and individual Church of Scientology staff and her attempts to collect on those assessments in violation of IRS policies and procedures and in violation of the Internal Revenue Code. It is Ms. Baker's activities in that regard that form the basis for the Complaint filed in C.S.C. v. U.S. In a recent meeting and in telephone conversations with Beverly Blanke, an Appeals Officer in the IRS Los Angeles office, regarding 100% penalty assessments made by Ms. Baker against various Church of Scientology staff, Ms. Blanke informed me that Ms. Baker has relied on statements of Vicki Aznaran for much of the information upon which she based the assessments in question. Ms. Blanke related a number of allegedly factual statements that Ms. Aznaran had made to Ms. Baker which resulted in the assessment of 100% penalties against various Church of Scientology staff. From my own personal

knowledge of the facts in question, the bulk of the allegations are false.

I declare under penalties of perjury that the foregoing is true and correct.

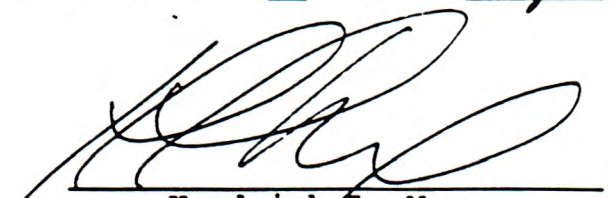
Executed in Washington, D.C. this 25th day of August, 1992.


Monique E. Vingling

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I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed in Los Angeles, California the 25 day of August 1992.



Kendrick L. Moxon

DECLARATION OF LAURIE J. BARTILSON

1 I, LAURIE J. BARTILSON, declare,

2
3 1. I am an attorney licensed to practice in the State of
4 California and I am admitted to practice before this Court. I
5 am attorney of record for defendant CHURCH OF SCIENTOLOGY
6 INTERNATIONAL in the above-captioned matter. I am familiar with
7 the records of this case and the discovery taken herein.

8 2. Attached hereto are true and correct copies of the
9 following documents:

10 Exhibit A -- Letter from the Court dated 9-5-91.

11 Exhibit B -- Plaintiff's Reply to Opposition to Motion to
12 Recuse the Honorable James M. Ideman in CSC v. United States,
13 et al., No. CV-90-2042-JMI (GHKx) ("CSC v. US").

14 Exhibit C -- Order of Recusal in CSC v. US dated August
15 19, 1992.

16 Exhibit D -- Document entitled "AGENDA" released pursuant
17 to the Freedom of Information Act.

18 Exhibit E -- Excerpts from the deposition of Vicki J.
19 Aznaran taken on June 22, 1998.

20 Exhibit F -- Excerpt from the deposition of Gregory Roth
21 taken on June 11, 1990 in CSC v. US.

22 Exhibit G -- Excerpt from the deposition of Charles
23 Jeglikowski taken on May 1, 1991 in CSC v. Baker.

24 Exhibit H -- Summons from the Department of Treasury
25 Internal Revenue Service to Richard N. Aznaran and Vicki J.
26 Aznaran dated May 9, 1988.

27 Exhibit I -- Excerpts of the tape transcripts of the
28 interview between agents of the IRS and Vicki and Richard

1 Aznaran.

2 Exhibit J -- Excerpt of the tape transcript of the
3 interview between agents of the IRS and Vicki and Richard
4 Aznaran.

5 Exhibit K -- Excerpt of the deposition of Alan P. Lipkin
6 on March 20, 1990 taken in David Miscavige v. IRS No.
7 CV88-7381-TJH(Kx).

8 Exhibit L -- January 6, 1989 Order Granting Counter-
9 Claimants Motion to Compel.

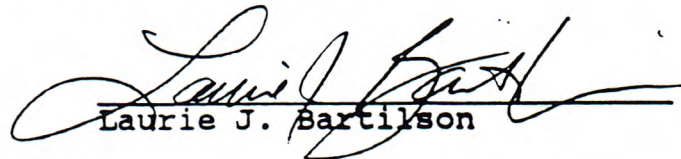
10 Exhibit M -- Excerpts from the deposition of Toby L. Plevin
11 on February 6, 1992 taken in CSC v. US.

12 Exhibit N -- Reporter's Transcript of Proceedings of March
13 5, 1990 taken in Aznaran v. Church of Scientology
14 International, C.D.Cal. No. 89-6319-R.

15 Exhibit O -- Letter of October 1, 1991 from Gordon Gidlund
16 to Joseph Yanny.

17 I declare under penalty of perjury of the laws of the
18 United States and the State of California that the foregoing is
19 true and correct.

20 Executed this 25th day of August, 1992, in Los Angeles,
21 California.

22 
Laurie J. Bartilson



ORIGINAL

UNITED STATES GOVERNMENT

memorandum

DATE: 9-5-91

REPLY TO: Janice Woods
ATTN OF: Civil Section Supervisor

SUBJECT: MOTION TO DISQUALIFY

TO: Judge JAMES M. IDEMAN
c/o JUDITH HURLEY

FILED
CLERK U.S. DISTRICT COURT
SEP - 6 1991
CENTRAL DISTRICT OF CALIFORNIA
BY <i>[Signature]</i> DEPUTY

Civil Case No. CV 88-1786 JMI (Ex)

Pltf: VICKI J. AZNARAN and RICHARD N. AZNARAN,

vs

Def: CHURCH OF SCIENTOLOGY OF CALIFORNIA, et al.,

The attached Motion to Disqualify is presented to you for your review and a determination as to whether or not you wish to disqualify yourself from the case or allow a judge to be drawn from the wheel to hear the motion pursuant to General Order 224.

Based upon your decision, this office will:

- Assign a Judge through the wheel to hear the Motion to Disqualify.
- Assign the case through the wheel to another Judge for all further proceedings. This determination would require you to grant the Motion to Disqualify.

James M. Ideman

J.S. DISTRICT COURT JUDGE

Attachment

1 John J. Quinn
Eric L. Dobberteen
2 QUINN, KULLY & MORROW
520 S. Grand Avenue, 8th Floor
3 Los Angeles, CA 90071
(213) 622-0300

4 William T. Drescher
23679 Calabasas Road, Suite 338
5 Calabasas, CA 91302
6 (818) 591-0039

7 Kendrick L. Moxon
8 Marcello M. Di Mauro
BOWLES & MOXON
6255 Sunset Blvd.
9 Suite 2000
Hollywood, CA 90028
10 (213) 661-4030

11 Attorneys for Plaintiff
CHURCH OF SCIENTOLOGY
12 OF CALIFORNIA

13 UNITED STATES DISTRICT COURT

14 FOR THE CENTRAL DISTRICT OF CALIFORNIA

15 CHURCH OF SCIENTOLOGY OF)
16 CALIFORNIA, a Nonprofit)
Religious Corporation,)

17 Plaintiff,)

18 v.)

19)
20 UNITED STATES OF AMERICA,)
SANDRA BAKER, Revenue)
21 Officer, BALDEMAR GOMEZ,)
Revenue Officer, CHARLES)
22 JEGLIKOWSKI, Assistant)
District Counsel, and)
23 SHERRILL FIELDS, District)
Chief of Collections,)

24 Defendants.)
25)
26)
27)
28)

CASE NO. CV 90 2042 JMI (GHKx)

PLAINTIFF'S REPLY TO
OPPOSITION TO MOTION TO
RECUSE THE HONORABLE JAMES M.
IDEMAN; DECLARATION OF
KENDRICK L. MOXON

**NOTE: THIS RECUSAL IS PENDING
BEFORE HON. J. SPENCER LETTS**

Date: October 25, 1991
Time: 3:30 p.m.
Dept: Hon. J. Spencer Letts

1 I. DEFENDANTS' UNTIMELY SERVED OPPOSITION
2 SHOULD BE STRICKEN BY THIS COURT

3 Plaintiff filed and served its Motion to Recuse the
4 Honorable James M. Ideman on September 24, 1991, at which time,
5 a hearing date was set for October 28, 1991. The motion was
6 then assigned to the Honorable J. Spencer Letts, who set it for
7 hearing on October 25, 1991.^{1/} The order changing the
8 hearing date was served by the Clerk to all counsel of record on
9 October 8, 1991, thereby giving defendants 17 days notice of the
10 change in dates. (Ex. A.) Accordingly, defendants were required
11 to file their opposition by October 11, 1991. Local Rule
12 7.6.^{2/} However, defendants did not file or serve their
13 opposition until October 16, 1991.

14 This Court should preclude defendants from opposing
15 plaintiff's recusal motion, based on defendants' failure to
16 timely file an opposition. There is ample authority under the
17 Local Rules and F.R.Civ.P. empowering the Court to strike
18 defendants' opposition. Local Rule 7.9 provides that, "Papers

19 1. The Church of Scientology of California, along with other
20 Church parties, has also filed recusal motions in two other
21 cases presided over by Judge Ideman, Religious Technology
22 Center, et al. v. Scott, et al., Case No. 85-711 JMI(Bx)
23 ("Scott"), and Aznaran v. Church of Scientology of
California, et al., Case No. 88-1786 JMI(Ex) ("Aznaran").
24 These motions are also set for hearing before Judge Letts on the
25 same date.

26 2. U.S. District Court for the Central District Local
27 Rule 7.6 provides in pertinent part - "Each opposing party
28 shall, not later than fourteen days before the date designated
for the hearing of the motion, serve upon all other parties and
file with the clerk either (a) ...a statement of all the reasons
in opposition..., or (b) a written statement that he will not
oppose the motion." Indeed, even if defendants had not received
notice of the change of hearing date, their opposition would
have been due on October 15th.

1 not timely filed by a party, including any memoranda or other
2 papers required to be filed under this rule, will not be
3 considered and may be deemed by the Court consent to the
4 granting or denial of the motion, as the case may be." [Emphasis
5 added.]

6 Local Rule 7.3.3 provides that "[a] party filing any
7 document in support of, or in opposition to, any motion noticed
8 for hearing as above provided after the time for filing the same
9 shall have expired, shall be subject to the sanctions of Local
10 Rule 27 and the F.R.Civ.P. Additionally, the Court may strike
11 the filing of any such late document and disregard it for all
12 purposes."

13 Accordingly, defendants' opposition should be stricken and
14 disregarded by the Court, and plaintiff's motion granted.

15 II. THE APPLICABLE CASE LAW MANDATES RECUSAL WHERE
16 A COURT'S BIAS ORIGINATES FROM EXTRA JUDICIAL SOURCES

17 Where there is "deep-rooted" animus, "related to a suspect
18 or invidious motive such as racial bias . . . only the
19 slightest indication of the appearance or fact of bias or
20 prejudice arising from these sources would be sufficient to
21 disqualify." United States v. Conforte, 624 F.2d 869, 881
22 (9th Cir. 1980) (emphasis added). On the facts presented in
23 the Recusal Motion and in this and the Scott and Aznaran
24 replies, there can be no doubt in an objective mind that the
25 judge in this case at the very least appears biased, far more
26 than slightly. Defendants cite no fact or law that refutes this

27 ///

28 ///

1 inescapable conclusion.^{3/}

2 The Church has not relied on rulings in this case or
3 the Scott or Aznaran cases. The significance of the ruling
4 in Aznaran which is the basis for that recusal motion is not
5 the ruling itself. It is the fact that Judge Ideman is so
6 biased against the Scientology defendants in that case that he
7 attributes the Aznarans' wrongdoing to those defendants. (See
8 Aznaran recusal motion, at 4-12, Ex. A to Recusal Motion.)

9 Moreover, subsequent to filing its motion, plaintiff has
10 obtained further evidence which compels the recusal of Judge
11 Ideman. Plaintiff has learned that a framed copy of the cover
12 of the May 6, 1991 issue of Time magazine hangs on the wall of
13 Judge Ideman's office. Judge Ideman's display of the slanted
14 and intemperate Time article on the wall of chambers is,
15 simply described, an expression of prejudice which cannot be
16 countenanced by the Court. If a jurist is so religiously
17 biased, his ability to adjudicate cases involving such religion
18 is in doubt. The full details regarding the Time article and
19 its presence on the wall of Judge Ideman's chambers are
20 contained in the reply papers filed in the Aznaran case.

21 (Ex. B, Aznaran reply at 5-9.) Therefore, plaintiff herein
22 adopts the discussion contained in the Aznaran reply, which
23 explains how plaintiff came to know of the existence of this
24 evidence through chance, during an interview of a prospective

25 3. In their opposition defendants attempt to directly
26 mislead this court by stating that the "instant motion to recuse
27 is not related" to Aznaran or Scott "because those cases do
28 not involve the same parties." On the contrary, CSC is an
active party in the Scott case as both a plaintiff and
counterclaimant, and is an unserved defendant in the
Aznaran case.

1 law clerk. (Declaration of Ava Chromo Ex. B to Aznaran
2 reply.)

3 III - THE COURT'S FORMER RELATIONSHIP WITH
4 DEFENDANT CHARLES JEGLIKOWSKI ALSO
5 RAISES THE APPEARANCE OF POTENTIAL BIAS

6 One of the defendants in this case, Charles Jeglikowski,
7 has admitted in his deposition herein that he has in the past
8 had a personal and business relationship with the Court. Mr.
9 Jeglikowski stated that from approximately 1973 to 1976, he and
10 Judge Ideman worked in the same or sister units of the Judge
11 Advocate General Corps in the U.S. Army. (Ex. C at 9-11)
12 Both the Court and Mr. Jeglikowski were posted in the 78th
13 Military Law Center in San Pedro, California during which they
14 enjoyed a "cordial" relationship. (Id. at 10-11) Mrs.
15 Jeglikowski and Mrs. Ideman also enjoyed a "cordial"
16 relationship during this period. (Id. at 13) The
17 Jeglikowskis and the Idemans also attended "one or two" social
18 functions together. (Id. at 10-12)

19 In the instant case, the Court will be required to
20 adjudicate whether or not his former friend and associate has
21 been culpable of serious alleged conduct. The Court will also
22 be required to make determinations as to the credibility of the
23 testimony of Mr. Jeglikowski and the subjective intent of Mr.
24 Jeglikowski concerning conduct which is susceptible to
25 differing interpretations by the finder of fact. For example,
26 plaintiff's First Amendment rights arising out of religious
27 animus by Jeglikowski, among others. A "cordial" work and
28 personal relationship extending over a period of several years

1 might not seem to raise the appearance of impropriety if Mr.
2 Jeglikowski - now an attorney in the IRS District Counsel's
3 Office in Los Angeles - were mere counsel on the case. However
4 here, for the Court to make such factual determinations
5 notwithstanding the former relationship of the Court and a
6 defendant, an appearance of impropriety is manifested.

7 IV - CONCLUSION

8 For the reasons set forth herein, defendant's opposition
9 should be stricken, and the motion for recusal granted.

10 Dated: October 18, 1991

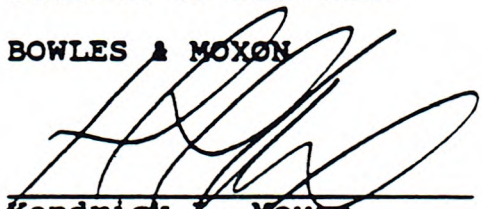
Respectfully submitted

11 John J. Quinn
12 Eric L. Dobberteen
QUINN, KULLY & MORROW

13 WILLIAM T. DRESCHER

14 BOWLES & MOXON

15
16 By:


Kendrick L. Moxon
Attorneys for Plaintiff

17
18 Attorneys for Plaintiff
19 CHURCH OF SCIENTOLOGY
20 OF CALIFORNIA
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FILED
AUG 19 1992
CLERK, U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
BY [Signature] DEPUTY

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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CHURCH OF SCIENTOLOGY OF CALIFORNIA,) CV-90-2042-JMI (GHKx)
)
)
Plaintiff(s),) ORDER OF RECUSAL
)
v.)
)
UNITED STATES OF AMERICA, et)
al.,)
)
)
Defendant(s).)


IT IS HEREBY ORDERED:

The Court, having read and reviewed the file in the above-entitled action, finds that it is acquainted with one of the named defendants, Charles Jeglikowski. The Court served in the same Army Reserve unit with Mr. Jeglikowski and is acquainted and has attended social functions with both him and his wife, who is currently working as a secretary for a Judge of this Court.

1 The Court is aware that these facts were mentioned at a
2 hearing before another Judge of this Court in a hearing to
3 disqualify this Court from hearing several matters of which this
4 case is one. Although the Judge hearing the motion declined to
5 recuse this Court, this Court has never been asked to recuse
6 itself from this case on these specific grounds. In an effort
7 to avoid even the appearance of impropriety, the Court hereby
8 RECUSES itself from the above-entitled action.

9 IT IS SO ORDERED.

10
11 DATED: 18 Aug 94

12
13 
14 _____
15 JAMES M. IDEMAN
16 United States District Judge
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United States District Court
Central District of California
OFFICE OF THE CLERK

Leonard A. Brown
Clerk

AUG 19 1992

Change Initials of Judge JAMES M. IDEMAN

Civil Case Number CV90-2042 JMI (GKX)

Case Name CHURCH OF SCIENTOLOGY OF CALIFORNIA,

VS

UNITED STATES OF AMERICA, et al.

By order of Court filed 8-19-92 the above-entitled case has been assigned through the wheel to Judge DAVID W. WILLIAMS for all further proceedings. Pursuant to this transfer order, any discovery matters that are or may be referred to a Magistrate Judge are hereby transferred to Magistrate Judge N/A.

Substitute the Judge/Magistrate Judge's initials as indicated above, in place of those of the prior Judge/Magistrate Judge on all documents filed hereafter, so that the case number will be shown as CV90-2042 DWW (GKX).

To expedite matters, it would be appreciated if you would use the complete case number in all correspondence.

CLERK, U.S. DISTRICT COURT

Estrella Solte

ESTRELLA SOLTE

By Deputy Clerk

CV-19 (4/92)
Change of Initials (judge)

AGENDA

1. Update on matters discussed at meeting on December 6 1989

2. Status of Summons on CSI and

3. Status of 7611 request in the National Office

4. Canadian Update (

5. Application of the two-year period under I.R.C. Section 7611(c)

6. Status of Collateral Request from Florida (

7. Status of Atlanta Summons

8. Status Report on civil suits connected to the Church

a. [REDACTED]

b. Yanney [REDACTED]

c. The Aznarans [REDACTED]

d. Tax Court 162 & 170 Cases [REDACTED]

9. Collection Update [REDACTED]

10. Freedom of Information Act

a. New FOIA Requests [REDACTED]

b. Security Matters

11. Internal Security - Current Status/Trends [REDACTED]

12. Coordination of Next Meeting [REDACTED]

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

VICKI J. AZNARAN AND *
RICHARD N. AZNARAN *

VERSUS *

NO. CV 88-1785-WDK

CHURCH OF SCIENTOLOGY OF *
CALIFORNIA, INC.; CHURCH *
OF SPIRITUAL TECHNOLOGY, *
INC.; SCIENTOLOGY *
MISSIONS INTERNATIONAL, *
INC.; RELIGIOUS *
TECHNOLOGY CENTER, INC.; *
AUTHOR SERVICES, INC.; *
CHURCH OF SCIENTOLOGY *
INTERNATIONAL, INC.; *
CHURCH OF SCIENTOLOGY OF *
LOS ANGELES, INC.; *
MISSION OFFICE WORLDWIDE; *
AUTHOR FAMILY TRUST; THE *
ESTATE OF L. RON HUBBARD; *
DAVID MISCAVIGE; AND *
NORMAN STARKEY *

ORAL DEPOSITION OF
VICKI J. AZNARAN

On the 22nd day of June, 1988, at
10:00 a.m., the oral deposition of the above-named
witness was taken at the instance of the Defendants
before Roger W. Miller, Certified Shorthand Reporter
in and for the State of Texas, at the offices of
Cohan, Simpson, Cowlshaw, Aranza & Wulff,
in the City of Dallas, County of Dallas, State of
Texas, pursuant the agreement hereinbefore set
forth.

COPY

1 A Yes. I was there.

2 Q Have you ever seen the order removing
3 David Mayo from post?

4 A Probably saw it at the time. I don't
5 recall now. You are speaking of the LRH order?

6 Q Any order.

7 A There was an LRH order about it, which I
8 saw.

9 Q Did you see it?

10 A Yes.

11 Q And did you see any other order?

12 A I don't recall at this time if I did or
13 not.

14 Q Incidentally, are you through with that
15 aspect of it?

16 A Uh-huh. Yes.

17 Q Okay. Before we go on to some more,
18 before I ask you the additional things that you may
19 have on this, I want to just ask you something I
20 forgot. When you met with the IRS, were the men
21 introduced to you by name?

22 A Yes, they were.

23 Q And do you remember before your lawyer
24 mentioned Mr. Dorsey?

25 MR. VAN SICKLE: Corsy.

1 Q Corsy, I'm sorry. I'm thinking of Tommy
2 and Jimmy Dorsey. Corsy?

3 A Yeah, I remember him mentioning that.

4 Q Do you remember his first name, Mr.
5 Corsy?

6 A No.

7 Q He was there, and you were introduced to
8 him?

9 A I don't actually remember that's his
10 name, but if he remembers it, I'm sure that's
11 correct.

12 Q Do you remember a Mel Young?

13 A Yes.

14 Q And he was there?

15 A That's correct.

16 Q And do you remember a Greg Roth?

17 A I can't say that I remember that was one
18 of them's name or not. I don't recall that name.

19 Q The fellow I am talking calling Greg Roth
20 I would describe as being over six feet and having a
21 mustache.

22 A He was tall.

23 Q Did he have a mustache?

24 A I don't remember a mustache or not.
25 Maybe.

1 Q And the name doesn't ring a bell with
2 you?

3 A No. But that doesn't mean that it wasn't
4 the guy.

5 MR. COOLEY: Are we able, Mr. Van
6 Sickle, to nail down who they were? We know Corsy,
7 we know Young. Was Greg Roth the third person?

8 MR. VAN SICKLE: I now believe so.

9 MR. COOLEY: Fine, thank you.

10 Q Who in that group instructed you not to
11 discuss with anyone what happened? Who gave you
12 that instruction?

13 A The instruction was that, "You have
14 confidential confidential informant status, and this
15 meeting is confidential and closed to people outside
16 of this room."

17 Q And who said that?

18 A The attorney, whatever his name was.

19 Q All right. Whoever it was that was in
20 the attorney's role said that. Was that the tall
21 guy with the --

22 A It was a tall guy. I don't remember --

23 Q Is he the one that said it?

24 A Yes.

25 Q Okay. Did you -- were you of the view

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UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

COPY

CHURCH OF SCIENTOLOGY OF)
CALIFORNIA, A NONPROFIT)
RELIGIOUS CORPORATION,)
)
PLAINTIFF,)
)
VS.)
)
UNITED STATES OF AMERICA)
AND SANDRA BAKER,)
REVENUE OFFICER,)
)
DEFENDANTS.)

NO. 902042 JMI(GHKx)

DEPOSITION OF
GREGORY ROTH,
LOS ANGELES, CALIFORNIA
JUNE 11, 1990

ATKINSON-BAKER AND ASSOCIATES, INC.
CERTIFIED SHORTHAND REPORTERS
1612 West Olive, Suite 203
Burbank, California 91506
(818) 566-8840

REPORTED BY: KATHY L. McCAYMON. CSR NO. 5684

FILE NO.: 902895

1 GREGORY A. ROTH,

2 having first been duly sworn, was
3 examined and testified as follows:
4

5 EXAMINATION

6
7 BY MR. DRESCHER:

8 Q Mr. Roth, would you state and spell your name
9 for the record?

10 A. First name Gregory, G-r-e-g-o-r-y, middle
11 initial A, Roth, r-o-t-h.

12 Q. What's your current title?

13 A. Okay. Senior Trial Attorney, Chief
14 Counsel's Office, Office of District Counsel. I am also a
15 Special Assistant to the United States Attorney, Tax
16 Division.

17 Q. And your business address where you can be
18 reached?

19 A. 950 Hampshire Road, Thousand Oaks,
20 California.

21 Q. Just out of the introductions, my name is
22 Bill Drescher. I am with Wyman Bautzer Kuchel & Silbert,
23 one of the two law firms representing Church of
24 Scientology of California. This is Jim Morrow. He is a
25 paralegal with Bowles & Moxon, that is my co-counsel firm.

1 (Discussion off the record.)

2 Q. BY MR. DRESCHER: When did you first go to
3 work with the Internal Revenue Service.

4 A. September 1981.

5 Q. You have been continuously employed by the
6 Service since then?

7 A. Correct.

8 Q. In what capacity did you join the Service?

9 A. I was an attorney with the legislation
10 regulations division at national office, Washington, D.C.

11 Q. If you could very briefly track your
12 different responsibilities in terms of position titles
13 since September of '81?

14 A. When I joined in the legislation
15 regulations division I was a drafter of regulations. I
16 transferred to the Los Angeles Office of District Counsel
17 approximately September 1983 where I began as a trial
18 attorney.

19 Q. The post you still hold?

20 A. Correct, except that I am now with the
21 Office of District Counsel in Thousand Oaks. I have been
22 there for approximately ten months. I have been a Special
23 Assistant to U.S. attorney since approximately February
24 1989.

25 Q. That's not an ad hoc appointment, Special

1 Assistant.

2 A. Excuse me?

3 Q. That wasn't an appointment for a particular
4 project?

5 A. That's correct.

6 Q. It's an ongoing?

7 A. That's correct. It's primarily in
8 bankruptcy appearances.

9 Q. When did you first become aware of the
10 dispute between the Church of Scientology of California
11 and the Service concerning FICA/FUTA tax liabilities for
12 1976 through '86?

13 A. When I read your Subpoena and the
14 Complaint.

15 Q. So one of the documents actually connected
16 with the lawsuit that gave you your first awareness of the
17 dispute?

18 A. Correct.

19 Q. When did you first read the Complaint?

20 A. Approximately ten days ago.

21 Q. It was furnished to you by counsel I
22 presume?

23 A. That's correct. Excuse me. When you say
24 counsel, I believe the person who literally gave it to me
25 was an attorney in our office by the name of Darren

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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

ORIGINAL

CHURCH OF SCIENTOLOGY OF)
CALIFORNIA,)

PLAINTIFF,)

VS.)

NO. 90 2042 JMI (GHKX)

UNITED STATES OF AMERICA)
AND SANDRA BAKER,)
DEFENDANTS.)
-----)

DEPOSITION OF

CHARLES W. JEGLIKOWSKI

HOLLYWOOD, CALIFORNIA

MAY 1, 1991

ATKINSON-BAKER AND ASSOCIATES, INC.
CERTIFIED SHORTHAND REPORTERS
1612 WEST OLIVE AVENUE, SUITE 203
BURBANK, CALIFORNIA 91506

REPORTED BY: CHARLENE VAN SLOTEN, CSR #5372

FILE NO.: 912999

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CHARLES W. JEGLIKOWSKI,
HAVING FIRST BEEN DULY SWORN, WAS
EXAMINED AND TESTIFIED AS FOLLOWS:

EXAMINATION

BY MR. MOXON:

Q. WOULD YOU STATE YOUR NAME FOR THE
RECORD, PLEASE, AND SPELL IT.

A. CHARLES W. JEGLIKOWSKI,
J-E-G-L-I-K-O-W-S-K-I.

Q. MR. JEGLIKOWSKI, YOU HAVE BEEN DEPOSED
BEFORE?

A. YES, I HAVE.

Q. ARE YOU FAMILIAR WITH THE PROCEDURE?

A. YES, I AM.

Q. CAN YOU TELL ME YOUR CURRENT POSITION
AND ITS DUTIES?

A. CURRENTLY I AM AN ASSISTANT DISTRICT
COUNSEL WITH MY POST AT THOUSAND OAKS DISTRICT,
DISTRICT COUNSEL. MY DUTIES ARE TO SUPERVISE
ATTORNEYS AND GIVE LEGAL ADVICE TO EMPLOYEES OF
THE INTERNAL REVENUE SERVICE.

Q. HOW LONG HAVE YOU HELD THAT POSITION?

A. SINCE AUGUST 8, 1988.

Q. WHAT WAS YOUR PRIOR POSITION?

1 A. I WAS A DOCKET ATTORNEY WITH A POST OF
2 DUTY IN THE LOS ANGELES DISTRICT COUNSEL OFFICE.
3 Q. I TAKE IT THAT WAS NOT IN THOUSAND
4 OAKS?
5 A. THAT'S CORRECT.
6 Q. HOW LONG DID YOU HOLD THAT POSITION?
7 A. FROM AUGUST 6, 1973 UNTIL AUGUST 8,
8 1988.
9 Q. DID YOU HAVE ANY PRIOR POSITION IN THE
10 I.R.S.?
11 A. NO.
12 Q. DID YOU PREVIOUSLY WORK FOR THE
13 GOVERNMENT?
14 A. YES.
15 Q. IN WHAT CAPACITY?
16 A. I WAS A MILITARY LAWYER FOR FIVE AND A
17 HALF YEARS AS A MEMBER OF THE ARMY JAGC. THAT'S
18 SPELLED J-A-G-C.
19 Q. CAN YOU TELL ME YOUR GENERAL
20 RESPONSIBILITIES AS A MILITARY LAWYER?
21 MR. MULLIGAN: IS THAT REALLY RELEVANT,
22 MR. MOXON?
23 MR. MOXON: YES.
24 MR. MULLIGAN: HOW?
25 MR. MOXON: BACKGROUND.



Church of Scientology International, Church of Spiritual
Technology, and Religious Technology Center

In the matter of

Internal Revenue District of Los Angeles

Periods 1982, 1983, 1984, 1985, 1986
and 1987

The Commissioner of Internal Revenue

To Richard N. Aznaran

At 2817 Greenville, Dallas, TX 75206

You are hereby summoned and required to appear before Carl Corsi and Mel Young, Internal Revenue Agents
an officer of the Internal Revenue Service to give testimony and to bring with you and to produce for examination the following books, records, papers, and other data
relating to the tax liability or the collection of the tax liability or for the purpose of acquiring into any offense connected with the administration or enforcement of the internal
revenue laws concerning the person identified above for the periods shown.

Give testimony under oath and produce all records relating to the
Complaint CV 88-1786-WOK filed by you or on your behalf on
April 1, 1988, in the U. S. District Court Central District, State
of California against various Scientology organizations and individuals.

A copy of said Complaint is attached herewith.

Business address and telephone number of Internal Revenue Service officer named above:
300 N. Los Angeles St., Los Angeles, CA 90053 (Telephone 213-894-4536)

Place and time for appearance:

at Internal Revenue Service, 1100 Commerce St., Dallas, Texas 75242 Room 8A23

on the 20th day of May, 19 88 at 9 o'clock A. M.

Issued under authority of the Internal Revenue Code this 9th day of May, 19 88

Mel Young Carl Corsi
Mel Young Carl Corsi Internal Revenue Agents
Signature of Issuing Officer(s) Title
[Signature] Group Manager, EOG-1
Signature of Approving Officer (if applicable) Title

Summons



Department of the Treasury
Internal Revenue Service

Form 2020
Rev. 8-80

In the matter of Church of Scientology International, Church of Spiritual Technology, and Religious Technology Center

Internal Revenue District of Los Angeles Periods 1982, 1983, 1984, 1985, 1986 and 1987

The Commissioner of Internal Revenue:

To Vicki J. Aznaran
At 2817 Greenville, Dallas TX 75206

Carl Corsi and Mal Young, Internal Revenue Agents

An officer of the Internal Revenue Service, to give testimony and to bring with you and to produce for examination the following books, records, papers, and other data relating to the tax liability or the collection of the tax liability, or for the purpose of inquiring into any offense connected with the, adjustment or enforcement of the internal revenue laws concerning the person identified above for the periods shown.

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Carl Corsi
Carl Corsi
Signature of Issuing Officer (if applicable)
Mal Young
Mal Young
Signature of Issuing Officer (if applicable)
L.R. [Signature]
Group Manager; EOG-1
Title

65

CONFIDENTIAL ATTORNEY CLIENT PRIVILEGED

TAPE 1, SIDE A

Unknown speaker: Okay. Mike's running, that's running.

GREG ROTH: My name is Greg Roth, I am an attorney with District Counsel for the Internal Revenue Service. My capacity is that the Internal Revenue Service is the client of the Chief Counsel's office. Okay, so technically speaking, I don't work for the IRS, just as -- well, Mr. Van Sickle is your -- i.e., you are the client of Mr. Van Sickle, the IRS is the client of the Chief Counsel's Office, okay, and so I am their Counsel.

R. AZNARAN: What is the Chief Counsel's office?

GREG ROTH: It is div -- it's -- we actually work out of the Department of Treasury, and -- technically we're not part of the IRS itself -- so and we're just counsel to them, okay. It's a fine line at times, but just so you understand what -- What my role in this is, I am representing my client and basically the questions that will be asked will be by them, although I do have some questions, but they will have the primary questions, I will leave anything I have until the end. I'm more or less counsel to them in the sense when they have a question, I try to assist my client with their questions.

And -- why don't we, before we go any further, I think that Carl Corsi, who's a revenue agent for the Internal Revenue Service has a few things he'd like to say and Mel Young, he's also a revenue agent with the Internal Revenue Service, ah -- he doesn't have anything to say at the immediate moment, but why don't I let Carl say what he wants to. [laugh]

CARL CORSI: Want to make this a little formal, just to set the agenda here, we're here today in the Federal Building, in Dallas, Texas on May 19, 1988, approximately, almost 9 O'Clock.

And representing the IRS is Mr. Young, Mel Young, IRS agent, and Carl Corsi, IRS agent, and also representing for the Dis -- from the District Council Division, Mr. Gregory Roth. We are here to interview Vicki J. -- Aznaran? Is that how you pronounce your name?

V. AZNARAN: Yes.

CARL CORSI: And Richard Aznaran. Richard N. Aznaran? Is that the initial, N?

R. AZNARAN: Yes.

there's no guarantee -- there's no intent at this particular time to -- in regards to a criminal investigation. We have nothing that I know of, personally, that would involve a criminal investigation. Whether or not this information is useful to the Service, obviously depends on what kind of information that you do give us.

R. AZNARAN: Okay.

MEL YOUNG: And [sic] it, if it -- if it becomes useful to the Service, obviously the Service will have to use it as appropriately it sees fit. And basic -- we know that Scientology has been around for a number of years and it has participated in a number of activities which -- are interesting. Okay?

V. AZNARAN: [Giggles]

R. AZNARAN: Tastefully put.

MEL YOUNG: So what we want to do -- we're not in an adversary type role -- we 'd like to be -- we'd like to just obtain the information at this particular point. And hopefully the information that we obtain can be useful in deterring what course of avenue that the Service will take.

So what we'd like to do is ask you a number of questions this -- today. How long they take obviously depends on what kind of responses you have and how -- what kind of documentation you have. If we're lucky, I suppose, maybe will not necessitate a future contact or if maybe you have more documents in the future, we may like to come back and talk to you.

R. AZNARAN: Sure.

MEL YOUNG: And these additional documents may prove helpful to the Service in determining what course of action, whether or not the organization is in effect participating in an exempt manner -- an exempt manner in effect saying it deserves a tax exempt status, in effect.

So, what we would like to do is ask you a number of questions this morning. These questions -- as you probably know by now is that we didn't get a lot of time involved in putting this together, OK, so they may be a little bit redundant. But -- cause Carl looked at them and I looked at them and we haven't been -- we proposed -- we looked at them and we proposed our questions independent of each other. If they are redundant -- sometimes they are redundant because I looked at them on one day as opposed to another day and it was on a different part of the complaint. So it may repeat itself. And nothing personal involved in it, just -- if we've gone over them -- I think we was going to ask them anyway -- and then if you can respond and say, you know -- whatever additional information that comes to your mind at that

time. So what we would like to do now --

GREG ROTH: Can I -- can I interrupt for just one second. We will provide a copy of this tape to you. Also, it's our intention that we be able to provide it to you as soon as we're done and that we would duplicate it, so --

BARRY VAN SICKLE: Excellent.

CARL CORSI: And another point too, is that -- are those documents for us?

BARRY VAN SICKLE: No. The documents that are for you are that briefcase full.

CARL CORSI: Can we take those now -- we'd like to take them home with us when we leave.

GREG ROTH: Is there an extra set in there, or just --

BARRY VAN SICKLE: No.

GREG ROTH: Okay.

MEL YOUNG: Is that for us?

BARRY VAN SICKLE: No, that's our copy -- I've --

MEL YOUNG: [laugh]

BARRY VAN SICKLE: When they left the Church, they were searched and all documents were removed from them. There are only a couple of documents in there that really you can tell we're not too interest in, but we brought them, that -- you probably don't already have. You maybe don't have them, but a lot of those documents I have been given by other lawyers and they obtained them in other litigation against the Church. And I understand that most of the documents involved are part of the documents that were seized by the Church in one of their raids on the FBI office. [Sic] But those are the documents we have at this time. I hope to --

CARL CORSI: Well--

BARRY VAN SICKLE: I hope to get many more and I have no problem with -- with a phone call to me, you can come in to my office by appointment and I'll make the documents obtained in discovery available to you.

CARL CORSI: Well -- Shall we take those now and get them copied?

GREG ROTH: I would say we should.

CONFIDENTIAL ATTORNEY CLIENT PRIVILEGED

IRS INTERVIEW WITH THE AZNARANS

MAY 19, 1988

TAPE 1 SIDE B

CARL CORSI: Okay, Ms. Aznaran, the question I was asking was, is there a plan, are you aware of any plan that they had as of a year ago, to date for the use of those funds that have been accumulating overseas? Other than why, you know, why it was put there originally, is there any -- are you aware of what the plans are for the use of that money?

V. AZNARAN: Well, it's certainly not going to go to help the needy orphans. (laughs)

MEL YOUNG: How about, how about this --

V. AZNARAN: I mean it's for them to do whatever they want with it.

MEL YOUNG: -- how about this --

V. AZNARAN: The money in Cypress is, is being publicly stated to be a war chest to fight the IRS and their other many, long list of enemies.

MEL YOUNG: Let me ask you a question. Who has control to withdraw funds from those accounts?

V. AZNARAN: Lyman Spurlock.

MEL YOUNG: And who else? Anybody else?

V. AZNARAN: David Miscavige, Norman Starkey, Marc Yager --

CARL CORSI: The Broekers?

R. AZNARAN: No.

V. AZNARAN: No, sorry.

[Laugh]

V. AZNARAN: The Broekers.

MEL YOUNG: So they have, in each of the accounts overseas, those individuals have the right to withdraw the funds.

BARRY VAN SICKLE: Um, actually we've been involved in two lawyers, two lawyers. This letter actually came independent of the law suit from this -- this lawyer. But we've got a letter from a law firm, Connally, Williams, -- Williams and Connally, the senior partner on that letterhead appears to be Edward Bennett Williams, who I understand to be a former cabinet member. And we got a letter from his firm saying that they represent the Church and that we are obviously woefully mistaken in our notion that we should be suing the Church of Scientology, that they will eventually get us for millions of dollars, Rule 11 sanctions and we should, better stop right now, sort of thing.

MEL YOUNG: You said you never signed those documents, is that is that to the best of your knowledge?

V. AZNARAN: Yeah, I just don't recall those documents as they are right now -- I don't --

R. AZNARAN: We were not allowed to have a copy of it when we left.

V. AZNARAN: The circumstances under which we left were --

MEL YOUNG: -- very --

V. AZNARAN: -- strained.

MEL YOUNG: The document in effect says that they are not allowed to testify in any kind of litigation against Scientology?

BARRY VAN SICKLE: That's the thrust of it, although when (Vicki laughing) it comes to testifying it says absent subpoena. But in other parts of the document they agree -- they agree not to assist in litigation, write any book, it's clearly a document designed to suppress evidence.

Maintain strict confidentiality, not say anything, and then the part about testifying, they agree not to testify unless served by a subpoena, and they further agree not to make themselves amenable to services of subpoenas.

There's a long story behind that and you can get into it if you wish and you can have these things. When they decided to leave, one of the things they were told, is that they had to sign some documents, that if they would be able to leave without being declared fair game. And if they wanted to have their earthly possessions, they'd sign some papers. I don't believe that these are necessarily the papers they signed.

MEL YOUNG: Okay. Why don't we talk about fair game a second? Cause I -- this is going a little out of order but -- you know, I noticed that in the complaint you talk about fair game and I was wondering, one, why don't you explain to us what fair game

happens to be and if there's any documentation involved in the course of fair game. Okay?

R. AZNARAN: This is a policy letter dated 17 March 1965, it is written by L. Ron Hubbard and the title of it is "Fair Game Law." And, don't want to read the whole thing, you'll have a copy of it but, ah, let me find the most key quote out of this. (sounds like pages being turned in a book, pause in speaking) Where the heck is it?

MEL YOUNG: Is it current practice?

R. AZNARAN: Hm, absolutely.

MEL YOUNG: Okay. And I -- it indicated, basically fair game is -- in your own words, what is fair game?

R. AZNARAN: Fair game is basically when the Church has decided that --

MEL YOUNG: We'd like a copy of that, by the way --

R. AZNARAN: Yeah, yeah, it looks like there's something missing out of it. The - if the Church decides that you are an antagonist, or if you are a staff member and you leave without authorization, or if you are a student and you leave without authorization -- there's several different categories -- you are then declared what is called -- you are then given the title of "suppressive person."

CARL CORSI: Does that include Internal Revenue agents?

R. AZNARAN: Oh, absolutely. I mean you get it automatically, you don't even have to like --

MEL YOUNG: You don't even have -- we don't have to even qualify. (Laugh)

R. AZNARAN: No, you're pre-qualified --

(laughing)

MEL YOUNG: Oh, thank you.

GREG ROTH: But not District Counsel attorneys, right?

R. AZNARAN: Well -- I don't know about that.

V. AZNARAN: Yeah, any attorneys that go against them.

MEL YOUNG: Oh, oh, OK.

BARRY VAN SICKLE: I'm fair game.

BARRY VAN SICKLE: The threat of fair game is why they do this.

MEL YOUNG: Could you give us some specific examples of how fair game works? You know, I know you said something like ruining reputation or something like that effect. Could you be more specific on what there may be involved in fair game?

R. AZNARAN: Well are you talking -- Okay. First of all, this thing -- the way it started out. Okay, fair game? Which I think was back in about '65 when Hubbard just, just really got pissed (laughs), and decided, you know, let's get these guys. At that point, it was all very broadcast. I mean, in other words, Scientology newsletters would go out and it would list your names on there, you know, and it would say specifically on there, it'd say, you know, "this guys declared fair game" and you know, you're invited to like, do whatever you want to, to him. Okay?

As a re -- as time went on, and they hired more attorneys and got smarter about such things, now it's to the point where there is a very small circle of people, okay? The declaration to being declared is issued publicly to whoever, to whatever circle it would apply to, okay. In other words, for example, with us, the orders declaring us as suppressive people, you'd never be able to get a copy of 'em, I'm sure. You know, I mean, you could subpoena 'em, but if you think they're gonna give you something just because you subpoenaed, I mean they'll tell you it doesn't exist and then they'll spend all night, tonight shredding 'em to make, you know, so that you'll never get one.

But -- Okay, so we would be declared and then there would be a circle, because of the level that we operated on within the Church, it would only be the very top guys. You know, it would be David Miscavige turning to Marty Rathbun and saying, "Listen, these Aznarans are living too good out there, I mean, you know, take care of it." And then it would go from him over to, one or two people over in the intelligence part of OSA. And they in turn would call in some guy to go beat us up, or they would hire a PI to tail us and harrass us and spread rumours about us, and this, that and the other.

CARL CORSI: Has that happened? Has there been anything like that?

R. AZNARAN: They only found out that we were bringing a lawsuit -- was it a week ago Friday? Last Friday -- wasn't it Friday when we were at the movie?

V. AZNARAN: Mm hmm.

R. AZNARAN: Last Friday we were at the movie. We're riding around, we go show up at a -- we decide we're going to go to the movie. We go to Town East, which is a mall out here. We're an hour early, we buy our ticket, and we leave.

Well, unbeknownst to us, we were being watched. So we come back and we go into the movie and we sit down, and a guy approaches us that we haven't seen in several years who's a Sea Organization member out of Florida, and says, "Hey." He turns around. "How are you doing? Remember me? I've been looking for you. Dallas isn't so big after all, ha ha." You know, like, trying to make it like, some kind of a coincidence that he happened to accidentally end up in the next row in the movie.

Well, he then tries to talk to us, this is like a standard thing. This is like, of the 26 levels of handling somebody who sues you, this is number one. Approach by old friend and see if you can talk them out of it, okay?

At which point Vicki quickly disabused him of any idea that he may have any kind of status of old friend and we left. But, you know --

BARRY VAN SICKLE: You --

CARL CORSI: Let me ask -- I'm sorry.

BARRY VAN SICKLE: -- there are documents in there called drills and drill -- and one of them is spreading rumors.

V. AZNARAN: Uh huh.

BARRY VAN SICKLE: -- training materials of things you can do.

V. AZNARAN: [Laughs.]

BARRY VAN SICKLE: And it was to spread rumors.

R. AZNARAN: How to train you to do that.

BARRY VAN SICKLE: How to spread rumors.

CARL CORSI: Oh.

GREG ROTH: Just a little detail here. When you said they ju -- the Church just found out about it a week ago Friday --

V. AZNARAN: They were served then.

BARRY VAN SICKLE: A couple weeks ago.

GREG ROTH: Oh, because the thing was -- I've got that it was filed in April.

V. AZNARAN: Right.

GREG ROTH: But they just hadn't been served yet, is --

BARRY VAN SICKLE: Uh --

GREG ROTH: I -- I was just trying to --

BARRY VAN SICKLE: Yes. We thought they'd pick it up in the filings so we thought that they knew about it. However, I had other information leading me to believe that they didn't know about it.

GREG ROTH: (Simultaneously with Van Sickle below) I just was a little confused by that, that's all.

BARRY VAN SICKLE: However, serving these people is an incredibly difficult thing to do.

GREG ROTH: Okay.

BARRY VAN SICKLE: And I still haven't achieved service on most people. I just recently hired a very good private investigator who kind of specializes in tough services.

They have another drill in there of course, how to avoid service.

But after we served the Church of Scientology of Los Angeles, I'm advised that they put armed guards at all their gates.

MEL YOUNG: Do you know any lawsuits or complaints that have been filed that have fair game as a -- one of the complaints? Currently.

V. AZNARAN: Do you want me to read them to you?

[laughter from two men]

MEL YOUNG: I mean, I just want to know whether or not the, the, the, the practice is still being carried on, in fact.

V. AZNARAN: Sure.

I can give you another example. Michael Flynn was a major attorney with civil litigation against them and they hired private investigators to find anything they could on Michael Flynn and they went through his past with a fine-toothed comb for, like, oh, a couple of years and they never could find anything on the guy, so then they went to an Italian prison and got a prisoner there to do up affidavits about how he'd been involved in a phony check operation on L. Ron Hubbard and I received information that that private investigator had told that guy what to say.

R. AZNARAN: This is, again, the same private investigator.

TAPE 2, SIDE B

MEL YOUNG: What I'm trying to understand is the funnelling of moneys overseas. And from what I gather at this point, and you can tell me if I'm wrong or clarify it, is that, is that all the lower levels of the organization Scientology, in effect, funnel the money overseas and it, they funnel some money up to the next level, whatever. And then this next level also has this going overseas. But by the time it gets to RTC or CST, the money that goes into those are, in effect, money that, in effect stays with the organization, looks like -- that's what it sounds like --

V. AZNARAN: -- That's correct --

MEL YOUNG: -- you said none of them went overseas that were diverted to these particular -- foreign accounts that the IRS would be interested in.

V. AZNARAN: -- right.

MEL YOUNG: And it would be from CSI down, downwards. But the reason why CST and RTC are involved is that they control the rights and in effect, he who controls the rights controls the rest of the organization. And this Miscavige and whoever, is the one who pulls the strings all the way down the line to the mission level then.

V. AZNARAN: Hm, huh. That's right.

R. AZNARAN: Before, while Vicki was over RTC - OK you had Miscavige at the top and then above him Broeker and above him Hubbard, and Author Services being up there with Miscavige. And then below that - it actually branched two ways - there was RTC which had the trademarks, okay. But then over here was CSI, Church of Scientology International, run by its own Commanding Officer named Marc Yager. Marc Yager was responsible, personally - his personal statistic assigned to him by L. Ron Hubbard was Reserves -- Reserves being the total amount of money socked away. Okay. That's where that figure comes from. That's the reserves stat, how much money they had put away, whether it was in - the total money, the money is everything, right, I mean gold, real estate, money in overseas trusts, all that. That was reserves money.

CARL CORSI: Under CSI?

R. AZNARAN: Yes.

R. AZNARAN: Not those ASI people, uh-uh.

V. AZNARAN: Not those ones in ASI. They had the big salaries and expense accounts --

CARL CORSI: Everyone was striving to become a member of ASI?

V. AZNARAN: People did, yeah.

GREG ROTH: Question. And don't answer this if you feel it's improper. But as I recall in your complaint they talk about you getting 50 cents an hour for this and that. Now, if you know at that time that everybody else is getting tens of thousands of dollars -- a lot of other people -- and there are millions of dollars going around, why did you work for 50 cents an hour? Or did you? You know I mean --

R. AZNARAN: -- I can answer that --

GREG ROTH: -- have a hard time reconciling that.

V. AZNARAN: Well, number one there weren't lots of other people making a lot of money. You're talking a handful -- a few. Most of the people made hardly any--

GREG ROTH: You knew there were millions of dollars being brought in, I mean somehow I would --

V. AZNARAN: I'm not a thief -- I didn't want to embezzle any money.

GREG ROTH: No. No, no, no, I'm not -- no.

V. AZNARAN: I mean, why do you only say --

GREG ROTH: That's not what I'm asking. I'm saying, if I'm working for an organization that I know is making money hand over fist, you know, millions of dollars and there are some other people - and you -- Richard, you were well-placed and Vicki, you were well-placed, I'm going to at some point say "hey you know, you're making millions of bucks, what the heck am I -- why are you making me work for 50 cents an hour?" I'm going to ask that question.

R. AZNARAN: First of all, you would never know that these people were making that much money. I--

GREG ROTH: I got the impression -- No. I got the impression you knew it at the time that, though, that you would've been making the 50 cents an hour set forth in your complaint.

R. AZNARAN: Vicki and I knew it.

GREG ROTH: Ok.

R. AZNARAN: But I'm talking about your average staff doesn't know it.

GREG ROTH: I don't care about the average staff. I'm trying to reconcile your complaint at the moment with your knowledge of what money terms were really being generated and some other people--

R. AZNARAN: Na, now you lost me there again.

GREG ROTH: Ok.

BARRY VAN SICKLE: It's simple. Why were you willing to do all this for peanuts while other people were enjoying wonderful lives?

GREG ROTH: And you knew it, and apparently.

BARRY VAN SICKLE: And, you know, because there were paid more than Scientologists.

V. AZNARAN: Yeah, whatever, what's the answer to that? I don't know. I mean how could I be in Scientology if --

CARL CORSI: A basic question I've had all the way along, is what motivated you? Is that a fair question to ask? Is that a fair question to ask? What motivates --

V. AZNARAN: You think you're helping people.

GREG ROTH: -- what motivates, in other words, there are a lot of sincere people --

V. AZNARAN: -- most of them --

GREG ROTH: -- willing to work 16 hours a day, live in hovels --

V. AZNARAN: -- make no money.

GREG ROTH: Ah, be under a dictator type arrangement, as far as their daily living, have no estate, and the reason they're doing it is because they believed in the, the doctrine?

V. AZNARAN: Why else would you, nothing else would have you do that.

MEL YOUNG: Let me ask you. How, how, this is just a curiosity type question, how does a person reconcile the fact when the Church says "Fair Game", Fair Game seems like to be a contrary concept to helping people, and, and still reconcile the fact that you, you know, I would imagine that --

BARRY VAN SICKLE: -- the end justifies the means --

V. AZNARAN: -- Look at terrorism. How, how do they justify that for religious reasons? There are fanatics everywhere. How did Hitler justify killing 6 million people? He was for the good of the world, was it not?

MEL YOUNG: So that's basically it.

V. AZNARAN: Yeah.

R. AZNARAN: Hubbard put out that it, I mean, the senior thing to be considered at any time is the greatest good, OK. Scientology is supposed to be benefiting all of mankind. If you are attacking Scientology, and in a position where you can cause Scientology difficulty, in so doing so, you're actually harming, not just Scientology, but all of mankind, because, man, Scientology is of course, the greatest good for mankind. So it's very easy to justify taking you out.

MEL YOUNG: OK --

CARL CORSI: -- because young people believe that when you --

V. AZNARAN: Sure

R. AZNARAN: And not to mention, that -- don't forget, that you also, once you get caught up in it, that there's the fear of the reprisals, there's the fear of the Fair Game being turned against you. In other words, you ask me how did I feel about bugging this guy's room, well I didn't feel good about it at all, but I also at the same time, I know that my room can be bugged, I got to worry about what I say to her. Ah, we're both going to be talk-- constantly taken in for the equivalency of, ah, lie detector tests to find out what we might have even said to each other.

BARRY VAN SICKLE: One of their --

R. AZNARAN: We got to understand, like, you're talking like 1984 expanded.

V. AZNARAN: (laughs) Big brother --

BARRY VAN SICKLE: One of their major techniques is playing them off against each other. They tend to-- they seem to want to focus on married couples. And that was the thing they tried to do at the end. They tried to get Richard to divorce Vicki and then -- and they turned some people that escaped with her back into the Church because they got their spouses to say "you leave the Church, and you leave me."

GREG ROTH: It's, in the, in the complaint, what, is it just the, the wording left a little bit of confusion, ah, on --

BARRY VAN SICKLE: Yes. That complaint was drafted to beat the statute of limitations when I was in jury trial, so it's not presented --

GREG ROTH: Is that -- What?

BARRY VAN SICKLE: -- it's not presented as a work of art.

GREG ROTH: No that, ah I mean, so that was just a, a wording problem in terms of, ah, the divorce thing I mentioned to you earlier, that, ah, you know, it, ah, -- It's just that they tried to encourage it, is what you meant --

V. AZNARAN: Exactly.

GREG ROTH: -- they didn't cause it to occur.

R. AZNARAN: Well, there's a whole other side to this thing. We were divorced.

GREG ROTH: Ah, OK, alright, so you got, that's, so that was correct --

R. AZNARAN: We were forced to get, get a divorce earlier on, and then later on we got married again.

CARL CORSI: Afraid you were right.

BARRY VAN SICKLE: But that's prior to the reference --

V. AZNARAN: But that's prior this, what they're talking about here.

BARRY VAN SICKLE: That all happened in the past and when they wanted to leave, they were really trying to get Richard to turn Vicki back into the Church and do that, and --

GREG ROTH: Okay.

BARRY VAN SICKLE: -- that was one of the techniques.

GREG ROTH: Alright, so that, that helps understand a little bit about it. I just would just like to ask just a little tiny question about something-- some remark you made, Richard, about a half hour ago, when I was asking you some questions about the relation-- about the difference between the missions and the, ah, Church organizations and you made some reference to "that's the way they operated until 1981" or something, or maybe that they operated a little bit differently after 1981 -- that relationship between the Missions, ah, paying 10% and the Sea Org --

mean? I understood that Lionel had talked to Nan McLean, who's done a lot of -- several lawsuits against Scientology up in Canada, and Bent knows her and he could possibly help you. I don't know.

GREG ROTH: Ah, I'd like to continue in a moment, but just going back, ah, when you, cause you said it goes from here to here to here and I just wanted to get the descriptions so when we go over this it's on tape. You were, you were drawing on the board, you were showing that the money was going from Mission to SMI, which was formerly known as what, what?

V. AZNARAN: Mission Office World Wide.

GREG ROTH: And from there it was going overseas.

V. AZNARAN: Yes.

GREG ROTH: OK, that's fine. Ah, so we can retrace it later. Ah, in the, in the complaint, ah, that you filed, you said, ah! she was also commissioned, on page seven at, ah, line twenty-six, it says: "She was also commissioned to reorganize corporate structures and effect sham sales of millions of copies of Dianetics to the corporate defendants, ah, as a vehicle for transferring assets among them." When you say sam-- sham sales of millions of copies, ah, the books actually did change hands or there were never sales, they just appeared on paper?

V. AZNARAN: I, I guess not -- that's not, I don't know. I can't really comment on that. That didn't happen. (laugh) I, I don't --

BARRY VAN SICKLE: I think, you know, I'm not exactly --

V. AZNARAN: That's a misunderstanding.

BARRY VAN SICKLE: That might be a misunderstanding. We thought that the sham really -- poor choice of words -- they should be forced sales, I guess. As we now understand it, to be more like she explained today. The other--

V. AZNARAN: -- I wasn't personally involved in that. I had knowledge of it.

GREG ROTH: As it, is it possible the books never existed in your, er, to your knowledge?

V. AZNARAN: I have no information about that.

GREG ROTH: So it's possible that the books never even existed though --

V. AZNARAN: -- it's possible --

GREG ROTH: -- so it may be consistently stated. I --

BARRY VAN SICKLE: -- I think Joe Yanny gave me the idea the books never existed and that was, perhaps --

GREG ROTH: I would --

V. AZNARANN: He may have --

BARRY VAN SICKLE: -- glorified speculation on his part.

GREG ROTH: I'd hate to think --

V. AZNARAN: -- more information about it.

GREG ROTH: -- of millions of books sitting in a warehouse and I wouldn't see why they would print them, personally.

V. AZNARANN: (laugh) You could have a very good point. (laugh) I know --

GREG ROTH: Umm --

BARRY VAN SICKLE: I think, I think I would, the, the source to that is probably Mr. Yanny and not these people.

GREG ROTH: OK, um. -- one second more, ah, this may just be repetition, um -- It says, that refers to the date of December of 1981, on that, what I just, ah, read to you, ah, and then on page nine on line six it talks "about in or about, October '82, defendants and each of them resolved to restructure their corporate and financial relationships at a meeting in San Francisco." That's just the, a continuation of the process?

V. AZNARAN: See that's --

GREG ROTH: -- I realize you didn't draft this and there may be a little, ah --

V. AZNARAN: In December of '81, as I described, there was a corporate reorganization. This occurred in Los Angeles. This meeting in San Francisco in 1982 was the, one of the final execution targets of that planning.

GREG ROTH: Okay. And -- and it says "which restructuring called for all Scientology entities to turn over their profits to defendant, Author Services." When you say, "turn over their profits," ah, is that, in substance -- as you -- just as you've described it before --

V. AZNARAN: Yeah, that's --

GREG ROTH: -- there's nothing to add to it --

GREG ROTH: ~~Uh-Oh~~. You broke it.

R. AZNARAN: It's out of tape.

V. AZNARAN: Yeah.

GREG ROTH: See, you can tell what he's being doing with his life.

V. AZNARAN: (Laughs)

MEL YOUNG: What's on that one? 3A or 3B? 3A. That's about right, ~~should be~~ -- Hello. Ok? Sounds right?

CARL CORSI: Yes.

MEL YOUNG: OK. Looks like we're in business.

CARL CORSI: Ok, what we wanted to start off with is you made some comments about the -- you know -- the whole Scientology was a religion part of it -- was a sham, in your brief. You want to comment on that -- just a -- is there a religion there, in your judgment, or what?

V. AZNARAN: No.

GREG ROTH: OK. Well --

R. AZNARAN: Not in the management I mean and down in the -- what they're telling the public and everything, but I mean, there was things that we just didn't know -- that book on Hubbard, Madman or Messiah, and things that -- well, Hubbard was a fraud, I mean, what can I tell you?

CARL CORSI: Does he portray himself as a God, though?

R. AZNARAN: Oh, he was supposedly pronounced dead during World War II, and he's supposed to be this big hero, and he was crippled, and he healed himself, and -- oh, just on and on and on, you know.

CARL CORSI: Let me ask you about RTC. Do you conduct religious services there? Did you have religious services -- you were part of it --

V. AZNARAN: No.

GREG ROTH: Well let go back to a question. In your complaint you say, "at no time herein mentioned did defendants render any religious services or engage in any religious activities whatsoever." Vicki, perhaps you can expand upon what you mean by them not having engaged in rendering religious services or engaging in religious activities. How do -- how do you view that?

V. AZNARAN: Just like I said. They're a business.

GREG ROTH: And -- ok -- when they -- I mean -- besides being a business, they are --

R. AZNARAN: -- There's not a thing religious about it. I mean, it's like every once in a while, when they feel like somebody's watching them or somebody's investigating them, they'll come out with this thing of "oh gosh, we've got to push back in Sunday services", you know what I mean. So they'll take some flunky, who's useless on anything else --

V. AZNARAN: -- called Religious Image Program --

R. AZNARAN: -- That's what they call it, yeah, the religious image programs, and they'll have everybody wear a dog collar, and they'll have a Sunday service, where, you know, people who -- you know, they'll just 'You're gonna sit in and get preached to for an hour.' And, you know, they'll read some LRH Policy Letter, and then they'll call that a Sunday service. But then that falls out immediately, 'cause it's totally a sham. They only do it, like I say, when somebody comes along and says, "OK, look, we're supposed to be a religion. If we're a religion, we gotta do this, this, this, this, this." And then as soon as somebody quits enforcing it, they all -- it all falls back out again. There's no religious services, there's no -- I don't know -- give me one thing you associate with religion?

GREG ROTH: Well, and you're saying, even through the time you left in '87, that it was still that way, that there was -- it was only a group type of get together, when it was for appearance sake.

V. AZNARAN: Absolutely.

GREG ROTH: Other than those appearance sake get togethers, then, any meetings at all were on a -- or any -- anything was on a one-to-one basis as opposed to a group, other than that. Whether -- these consultations --

R. AZNARAN: -- other than that the only meetings that ever occurred were to discuss stats and how to make more money.

GREG ROTH: Other than that -- what types of -- OK, there were

auditing sessions for people, now, beyond that, those people who went to the auditing sessions, they wouldn't be involved in these group meetings -- or that the -- the group meetings would only be the periodic ones for appearance.

V. AZNARAN: Yeah, like, you know, I mean, it's like -- you gotta realize we used to -- what you're calling group meetings or something would be what they would call a Sunday service, and like they would need to put one on, because maybe some official was a-visiting or something and it would be "grab everybody that's around, sit them down, quickly, here's a guy, give him a lecture." You know what I mean, that's that kind of thing. It's not something that happens every --

CARL CORSI: What about the lowest levels, was there church services at the missions, or the --

R. AZNARAN: -- Oh, yea, they would be forced in, where they would come along --

V. AZNARAN: -- just what I just described to you --

CARL CORSI: -- at the lowest levels?

V. AZNARAN: Yea. At the higher levels, they never had anybody who could get in there to see them, so they don't even bother with that stuff. RTC never had one, the whole time I was there.

CARL CORSI: Is that right?

V. AZNARAN: Sure.

R. AZNARAN:: It's strictly a public relations tool -- this -- I mean they actually have -- they'll come out with a policy letter, and it'll say "Religious Image Program, One -- Step One" -- like -- "Go out and buy some shirts with clerical collars. Step Two" -- you know -- "Wear them. Step Three" --

(Laugh)

R. AZNARAN: -- "Put a cross on the front door. Step Four" -- you know, every "Put up signs that say 'Services Sundays at Noon.' Step Five. Have somebody show up. Step Six. Have them play a tape by LRH. Step Seven. Report compliance on the above." And then, after you've done that, then everybody gets tired of it, and a couple of weeks later, it's all back the way it was.

GREG ROTH: About how often did something like that take place, where they would have this quote group?

V. AZNARAN: I guess I saw it once or twice or three times?

GREG ROTH: Just push it.

MEL YOUNG: Push it all the way in hard . . . all set, huh? I guess, let me reiterate that question because this is a new part of the tape, so to speak, we said basically that we're interested to find out how the funds move from the oversea, overseas accounts into Hubbard's or whoever [sic] hands it may be, whether it be the Broekers, or Miscavige, whatever. And, and Vicki was responding that she thought she knew or she does know about how that might be transpiring --

V. AZNARAN: -- transpired. There was a corporation called B-13. I do not know what that stands for. And it was set up and operated, as far as I know -- and I might be wrong -- out of Denmark. It was mainly controlled by a lady named Fran Harris who worked at ASI at the time. Author Services. And she was responsible for making Hubbard's income, seeing that he got -- every week his income went up. That was her responsibility. So they had to get the money from overseas for him. They would devise different things at different times to tap into that money, and they'd usually do it through B-13.

And one of the ways was, the Advanced Organizations -- which there's one in England, one in Denmark, and one in Australia -- paid a percentage, and I don't remember how much that percentage is. I knew at one point, but I don't know now. And they drew up agreements with Hubbard, and then this money would go to him. A percentage of the take for any Advanced Services, which is their higher level counselling.

CARL CORSI: That would go into those accounts first, and then to him?

V. AZNARAN: It went into B-13. Now, like I don't know what sort of a entity B-13 is, just that it is a separate entity.

They also had what they called the Film Trust. Now, this is kind of sketchy, but it might be helpful to you guys and you can fill it in if can get documents and so forth. But the Film Trust -- L. Ron Hubbard in 1977 and '78 wrote all these films, scripts. And then he actually shot movies in the, in Palm Desert of some of these. And then, subsequent to that, Golden Era Studios has been filming these transcripts and film treatises over the years, ever since he wrote them. Now, the organizations are told they

GREG ROTH: Question - and you may have answered this already, probably have. In your complaint you say that they required the Plaintiffs, that'd be you, to participate in crimes against the United States government, including obstruction of justice and efforts to create corporate structures designed to keep payments from properly being paid to the Internal Revenue Service. In -- with respect to the Internal Revenue Service are there any aspects that you can think of that you haven't pro -- previously mentioned that might have been a way in which the corporations were set up, or their structures worked to keep payments from being paid to the Internal Revenue Service? You may have covered it all --

V. AZNARAN: Well, as I described, that was the function of the overseas trust. It was another barrier between the money and the IRS. It's like, the way the attorneys explained it, the more barriers you can erect, the harder it is to get to it, and so you put up as many corporate barriers and actual physical barriers as possible. And if possible, keep as much of it as you can out of the country and get it out of the country when it's made. And if it's made out of the country, don't bring it back into the country. The country being the US. And that's pretty basic policy, that you -- you don't give the IRS anything which you can get away with not giving them. And you try to work everything so that you don't have to give them anything.

And the whole -- when Hubbard died, it was like -- "Well, this is gonna be a piece of cake. Now, we can get our tax exempt status and everything, because we don't have to -- we don't have to insulate Hubbard and his money-making activities and his hunger for money from the Church, or worry about that, anymore, it's just the top dogs --" meaning Miscavige and gang -- "and the Church and all the money." And they can be like, you know, the Pope, or Jimmy Swaggart, or -- not that I compare those two particularly but, just top dogs that call the shots and control the money, without having to worry about Hubbard. And they can also say that, "Well, yeah, from 1970 to '72 you did find inurement to Hubbard and you did show that money went to him, but now he's gone, and I think he showed that his intentions were very good, because, see, he left all these millions to the Church. He didn't even try to give it to his family or anything like that, he left it all to the Church, so you can see, it was really a very highly motivated kind of thing, and there's no need to worry, and so let's negotiate."

And the plan was always, after Hubbard died, "let's negotiate with the IRS and give them a few years, and get them to give us tax exempt status, and then we can go on from that point forward. With our tax exempt status and everything else we make we won't have to worry about, but they've got us from '70, '71, '72 and maybe '73 - '74 when money was going to Hubbard and we can't really hide that that's what was happening. So we'll give 'em

that, and that'll hurt but we'll save the bulk of it and have tax exempt status from this point forward, and let's negotiate." And I think at some point they had some, before Hubbard died, some big meetings in Las Vegas or something in which they were trying to negotiate and again in DC in '86 I believe or maybe late '85 where Miscavige and a bunch of guys went down and --. But the whole thrust of it, especially since he died, was to work out a deal. But you probably know more about that than I do.

GREG ROTH: Why do you think he left all the money to the Church or to the extent that he did? Was it because he was a believer --

V. AZNARAN: -- Opinion?

GREG ROTH: -- or he just hated his son?

V. AZNARAN: -- Opinion? He didn't care much for his family. And we're talking about a lot of them, were not just his talking about L. Ron Hubbard Jr. We're talking about Katie, L. Ron Hubbard Jr.'s sister, who he never had anything to do with. We're talking about Alexis, who he denied was even his daughter. Which is a daughter by another woman. We're talking about Quentin, who killed himself. Diana, Suzette, and Arthur, who blew from the Sea Org and left. And Mary Sue, who he hung all the criminal stuff on and let go to jail. I mean you are not talking about a guy who cared about his family a great deal. So why leave it to them? If he left it with the Church, he did have a firm belief that he could come back at some point, and there may be orders that exist to put some of it somewhere, or he may just be hoping that there will be enough of it left that he can assume control of it. If he, he had no reason to give it to his family. Like I say, he didn't particularly care about 'em.

MEL YOUNG: If there are orders --

V. AZNARAN: -- He's not a family man.

MEL YOUNG: If there are orders for this money to be accumulated, where would be the place where they would be located? Would there be --

V. AZNARAN: I don't know. You got any ideas?

R. AZNARAN: The orders?

MEL YOUNG: If there was one.

V. AZNARAN: It would probably be --

R. AZNARAN: -- I don't think --

V. AZNARAN: -- in those file cabinets that Marty took if there

TAPE 2, SIDE B

MEL YOUNG: What I'm trying to understand is the funnelling of moneys overseas. And from what I gather at this point, and you can tell me if I'm wrong or clarify it, is that, is that all the lower levels of the organization Scientology, in effect, funnel the money overseas and it, they funnel some money up to the next level, whatever. And then this next level also has this going overseas. But by the time it gets to RTC or CST, the money that goes into those are, in effect, money that, in effect stays with the organization, looks like -- that's what it sounds like --

V. AZNARAN: -- That's correct --

MEL YOUNG: -- you said none of them went overseas that were diverted to these particular -- foreign accounts that the IRS would be interested in.

V. AZNARAN: -- right.

MEL YOUNG: And it would be from CSI down, downwards. But the reason why CST and RTC are involved is that they control the rights and in effect, he who controls the rights controls the rest of the organization. And this Miscavige and whoever, is the one who pulls the strings all the way down the line to the mission level then.

V. AZNARAN: Hm, huh. That's right.

R. AZNARAN: Before, while Vicki was over RTC - OK you had Miscavige at the top and then above him Broeker and above him Hubbard, and Author Services being up there with Miscavige. And then below that - it actually branched two ways - there was RTC which had the trademarks, okay. But then over here was CSI, Church of Scientology International, run by its own Commanding Officer named Marc Yager. Marc Yager was responsible, personally - his personal statistic assigned to him by L. Ron Hubbard was Reserves -- Reserves being the total amount of money socked away. Okay. That's where that figure comes from. That's the reserves stat, how much money they had put away, whether it was in - the total money, the money is everything, right, I mean gold, real estate, money in overseas trusts, all that. That was reserves money.

CARL CORSI: Under CSI?

R. AZNARAN: Yes.

their money and then ordered the church, CSI, to buy a whole bunch with the overseas money and they bought all this oil together, which made a handy little profit for the guys in ASI who couldn't have gotten in on the deal with the little bit of money they had. It's these kind of little cozy things that are worked out. Does that make sense?

MEL YOUNG: What kind of, do you have a name of that oil venture that they jumped in to?

V. AZNARAN: It's in Oklahoma.

CARL CORSI: When?

V. AZNARAN: When did they do that? Let's see, they did the gold mine in '82, they did the oil in I think '83, maybe '84.

MEL YOUNG: Is there anything more current?

CARL CORSI: And there's a possibility -- going along with Mel's question -- that they're doing that with some of that overseas money right now -- putting it into some of these things?

V. AZNARAN: Oh sure. I'm sure there's a possibility. I mean they were doing it before, why would they stop?

MEL YOUNG: So it would be Spurlock and Miscavige?

V. AZNARAN: Um Hum.

MEL YOUNG: Would be the ones?

V. AZNARAN: And Starkey.

YOUNG: And Starkey? They're the ones that would be borrowing money, quote unquote, from that fund. If they would be.

R. AZNARAN: -- cause they control it --

V. AZNARAN: Did you say borrowing?

MEL YOUNG: Well, that's just a term. Borrowing, taking, appropriating, whatever --

V. AZNARAN: Well, see they have their own money, then they had Hubbard's money and then they had the Church money and they could put it all together and put it over here. And invest it.

CARL CORSI: I thought they were supposed to be a religious order of poor people.

[laughter]

R. AZNARAN: Not those ASI people, uh-uh.

V. AZNARAN: Not those ones in ASI. They had the big salaries and expense accounts --

CARL CORSI: Everyone was striving to become a member of ASI?

V. AZNARAN: People did, yeah.

GREG ROTH: Question. And don't answer this if you feel it's improper. But as I recall in your complaint they talk about you getting 50 cents an hour for this and that. Now, if you know at that time that everybody else is getting tens of thousands of dollars -- a lot of other people -- and there are millions of dollars going around, why did you work for 50 cents an hour? Or did you? You know I mean --

R. AZNARAN: -- I can answer that --

GREG ROTH: -- have a hard time reconciling that.

V. AZNARAN: Well, number one there weren't lots of other people making a lot of money. You're talking a handful -- a few. Most of the people made hardly any--

GREG ROTH: You knew there were millions of dollars being brought in, I mean somehow I would --

V. AZNARAN: I'm not a thief -- I didn't want to embezzle any money.

GREG ROTH: No. No, no, no, I'm not -- no.

V. AZNARAN: I mean, why do you only say --

GREG ROTH: That's not what I'm asking. I'm saying, if I'm working for an organization that I know is making money hand over fist, you know, millions of dollars and there are some other people - and you -- Richard, you were well-placed and Vicki, you were well-placed, I'm going to at some point say "hey you know, you're making millions of bucks, what the heck am I -- why are you making me work for 50 cents an hour?" I'm going to ask that question.

R. AZNARAN: First of all, you would never know that these people were making that much money. I--

GREG ROTH: I got the impression -- No. I got the impression you knew it at the time that, though, that you would've been making the 50 cents an hour set forth in your complaint.

R. AZNARAN: Vicki and I knew it.

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UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

DAVID MISCAVIGE,)
)
Plaintiff,)
)
v.) No. CV88-7381-TJH(Kx)
)
INTERNAL REVENUE SERVICE,) VOLUME II
)
Defendant.)
_____)

DEPOSITION OF
ALAN P. LIPKIN
LOS ANGELES, CALIFORNIA
TUESDAY, MARCH 20, 1990

ATKINSON-BAKER AND ASSOCIATES, INC.
CERTIFIED SHORTHAND REPORTERS
1612 West Olive Avenue, Suite 203
Burbank, California 91506
(818) 566-8840

REPORTED BY: SHERRILL BOUTTE, CSR NO. 6656
FILE NO: 901243

1 directly answered the question.

2 A. I'm trying to directly answer your question.

3 Q. So your communication with Aznaran did not
4 concern Mr. Miscavige in any way? Can you answer that?

5 A. My communication with Mr. Aznaran concerned no
6 one. It concerned the setting up of a meeting which was
7 later set up by representatives of the IRS.

8 Q. When you say it concerned no one, why would you
9 want to speak to Mr. Aznaran about nothing?

10 A. I didn't want to speak to Mr. Aznaran.

11 Q. So were the activities that were undertaken not
12 on behalf of CID by you in relation to Mr. Aznaran?

13 A. I think now you're getting the point.

14 Q. You're just helping out another function of the
15 IRS in setting up the meeting?

16 A. That's correct.

17 Q. Again, to get back to my purpose for these
18 questions is then do I properly assume that those
19 activities were not part of any investigation of
20 Mr. Miscavige?

21 A. Well, let me try to state it as directly as
22 possible. Our investigation ended in May of '85. We
23 forwarded our case to our attorneys for review.
24 Eventually, that case went to Washington.

25 Eventually, around November of 1986, the

1 recommendation or request for grand jury was denied.
2 That's the extent of the Criminal Investigation Division's
3 activity in this investigation. I don't think I could be
4 more direct than that.

5 Q. Was there a second investigation that was
6 initiated?

7 A. No. By CID?

8 Q. Yes.

9 A. No.

10 Q. Was there a second information-gathering
11 assignment?

12 A. No, not to my knowledge.

13 Q. When did you speak with Mr. Yanny? Was that also
14 in 1988?

15 A. I think that was all part of setting up a meeting
16 for the IRS.

17 Q. That would be EPEO, not for CID?

18 A. That's exactly right. Not for CID.

19 Q. Did you get a transcript of that interview that
20 was held?

21 A. What interview?

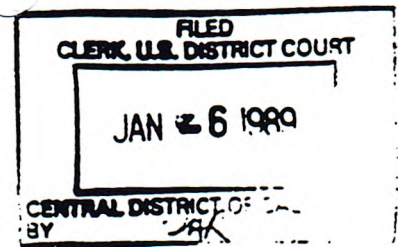
22 Q. Of the Aznarans?

23 A. No.

24 Q. Did you notice anybody from CID at that meeting?

25 A. I don't think that there was anyone from CID at

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22 UNITED STATES DISTRICT COURT
23 CENTRAL DISTRICT OF CALIFORNIA

23 VICKI J. AZNARAN and
24 RICHARD N. AZNARAN,

24 Plaintiffs,

25 v.

26 CHURCH OF SCIENTOLOGY OF
27 CALIFORNIA, et al.,

27 Defendants.

) CASE No. CV 88-1786 JMI(Ex)

) ORDER GRANTING DEFENDANTS-
) COUNTERCLAIMANTS' MOTION
) TO COMPEL

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1 RELIGIOUS TECHNOLOGY)
 2 CENTER, et al.,)
 3 Counterclaimants,)
 4 v.)
 5 VICKI J. AZNARAN and)
 6 RICHARD N. AZNARAN,)
 7 Counterdefendants.)

8 Pursuant to the Motion of defendants-counterclaimants
 9 filed on December 12, 1988, defendants-counterclaimants moved
 10 to compel plaintiffs-counterdefendants Vicki J. Aznaran and
 11 Richard N. Aznaran (i) to produce the tape recordings of
 12 their interviews with agents of the Internal Revenue Service
 13 held on or about May 19, 1988 and (ii) to testify in deposition
 14 concerning the interviews.

15 Defendants-counterclaimants' Motion came on regularly for a
 16 noticed hearing at 9:00 a.m. on Friday, January 6, 1989, in
 17 Courtroom "O" of the above-captioned Court, the Honorable
 18 Charles F. Eick, United States Magistrate, presiding.
 19 Defendant-counterclaimant Religious Technology Center appeared
 20 by its counsel Wyman, Bautzer, Kuchel & Silbert, by William T.
 21 Drescher and by its counsel Cooley, Manion, Moore & Jones, P.C.,
 22 by Earle C. Cooley. Defendant Church of Spiritual Technology
 23 appeared by its counsel Cooley, Manion, Moore & Jones, P.C. by
 24 Earle C. Cooley and by its counsel Bowles & Moxon by Kendrick
 25 L. Moxon. Defendant-counterclaimant Church of Scientology

26 ///
 27 ///

28

1 International appeared by its counsel, Boles & Moxon by
2 Kendrick L. Moxon. No opposing papers were filed and no
3 appearance was made on behalf of plaintiffs-counterdefendants.
4 The Court, having reviewed the moving papers, having heard
5 the arguments of counsel, and having been fully informed,

6 IT IS ORDERED:

7 Defendants-counterclaimants' Motion to Compel is GRANTED.
8 The discovery sought is relevant and not privileged.
9 Plaintiffs-counterdefendants are hereby ORDERED to produce the
10 requested tape recordings to counsel for defendants-
11 counterclaimants forthwith. Plaintiffs-counterdefendants shall
12 also make themselves available for the resumption of their
13 depositions, upon reasonable notice and shall answer questions
14 concerning the areas set forth in Defendants-counterclaimants'
15 moving papers.

16 As to Defendants-counterclaimants' request for an award of
17 attorneys' fees and costs against the Aznarans and their former
18 counsel, Cummins & White, defendants-counterclaimants shall
19 submit a declaration as to the amount of fees and costs expended
20 in preparation of the aforementioned Motion to Compel and shall
21 notice a hearing to provide plaintiffs-counterdefendants and
22 their former counsel an opportunity to challenge the
23 reasonableness of the amount of fees and costs to be awarded to

24 ///

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27 ///

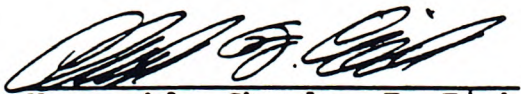
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plaintiffs-counterdefendants. Said hearing shall be noticed for the Court's regular Friday motion calendar.

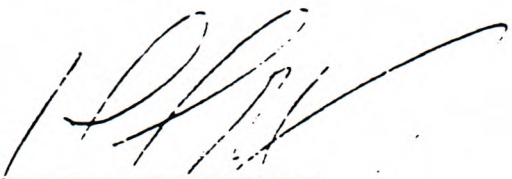
SO ORDERED.

DATED: JAN. 6, 1989


Honorable Charles F. Eick
UNITED STATES MAGISTRATE

Submitted by:

BOWLES & MOXON

By: 
Kendrick L. Moxon

Attorneys for Defendant
Church of Spiritual Technology and
Defendant-counterclaimant
Church of Scientology International

For and on behalf of counsel
for all Defendants-counterclaimants

PROOF OF SERVICE

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I am employed in the County of Los Angeles, State of California. I am over the age of eighteen (18) years and not a party to the within action. My business address is 6255 Sunset Blvd., Suite 2000, Hollywood, California 90028.

On January 6, 1989 I served the foregoing document described as ORDER GRANTING DEFENDANTS' COUNTERCLAIMANTS' MOTION TO COMPEL on interested parties by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid in the United States mail at Hollywood, California, addressed as follows:

SEE ATTACHED LIST

If hand service is indicated on the attached list, I caused such envelope to be served by hand, otherwise I caused such envelope with postage thereon fully prepaid to be placed in the United States mail at Hollywood, California.

Executed on January 6, 1989 at Hollywood, California.

Jeanne Abugh

SERVICE LIST

AZNARAN V. CHURCH OF SCIENTOLOGY
OF CALIFORNIA, ET AL.,

CIVIL ACTION NO. 88-1786-JMI (Ex)

Richard and Vicki Aznaran
5435 Belmont
Dallas, Texas 75206

Barry Van Sickle
Cummins & White
1600 Wilshire Blvd.
Suite 300
Los Angeles, CA 90017



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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

- - -

CERTIFIED COPY

CHURCH OF SCIENTOLOGY, a)
non-profit religious corporation,)
)
Plaintiff,)
)
vs.)
)
UNITED STATES OF AMERICA and)
SANDRA BAKER, REVENUE OFFICER;)
BALDEMAR GOMEZ, REVENUE OFFICER,)
CHARLES JEGLIKOWSKI, ASSISTANT)
DISTRICT COUNSEL; SHERRILL FIELDS,)
DISTRICT CHIEF OF COLLECTIONS,)
)
Defendants.)
_____)

No:
CV902042
JMI(GHKX)

DEPOSITION OF
TOBY L. PLEVIN
HOLLYWOOD, CALIFORNIA
FEBRUARY 6, 1992

ATKINSON-BAKER AND ASSOCIATES, INC.
CERTIFIED SHORTHAND REPORTERS
1612 West Olive Avenue, Suite 203
Burbank, California 91506
(818) 566-8840

REPORTED BY: JAN SERRA, CSR NO. 8207
FILE NO. 9200633

1 you had met and talked with Mr. Charles Jeglikowski.

2 When did you last meet with Mr. Charles
3 Jeglikowski?

4 A I only met with him once.

5 Q When did you meet with him this one time?

6 A It was before I met with Sandy Baker.

7 And I believe it was probably -- I don't know.

8 It was before that first meeting with
9 Sandy Baker, which I think I've indicated was sometime
10 in 1990.

11 Q That was the only meeting that you had
12 with Mr. Jeglikowski?

13 A That's right.

14 Q Nothing before 1990?

15 A That's right.

16 Q And nothing after 1990?

17 A It could have been at the end of '89.

18 I'm not totally sure. But --

19 Q How long was your meeting with Mr.
20 Jeglikowski?

21 A A little less than an hour.

22 Q Do you recall what the conversation was?

23 A He asked me to --

24 He asked me if I would meet with some of
25 the IRS people and talk with them.

1 Q Do you recall any of the names of these
2 IRS people?

3 A This was prior to that meeting with Steve
4 Roth. He may have mentioned who the other people were
5 going to be. I believe he mentioned who the other
6 people were likely going to be.

7 And those are the people, I believe those
8 were the people who came to that first meeting.

9 Q Do you recall, do you remember their
10 names?

11 A As I said, I've testified as to that. I
12 remember Steve Roth and Sandy Baker.

13 I don't remember the name of the other
14 person or two people.

15 Q At your meeting with Ms. Baker, how long
16 did that meeting last?

17 The first meeting with Ms. Baker, how
18 long did that last?

19 A This meeting with four people, three or
20 four people, lasted more than an hour and less than
21 three hours.

22 I don't know.

23 Q On three different occasions during this
24 deposition you've indicated that there was Sandy and
25 one person -- Sandy and perhaps one and two persons,

1 and this last comment you indicated Sandy and perhaps
2 three to four persons?

3 A That was your misstatement of my first
4 testimony with respect to that meeting.

5 I've always said that the first time I
6 met Sandy Baker she came with Mr. Roth and that there
7 were one, possibly two other people there, both males.

8 Both who I understood to work for the
9 IRS.

10 Both having functions other than what Ms.
11 Baker have. And I don't recall their names.

12 Q How was the meeting between you and Mr.
13 Jeglikowski set up?

14 A He called me.

15 Somebody from the IRS called me.

16 Q Do you recall who called you from the
17 IRS?

18 A It may have been the other person who was
19 at the lunch meeting, but I don't recall who it was.

20 Q Do you recall when they called you?

21 A Shortly before the meeting.

22 Q A day or two before the meeting perhaps?

23 A I don't remember.

24 Not long. A matter of days.

25 Q At your meeting with Mr. Jeglikowski, how

1 many other people were present?

2 A One other person.

3 Q Do you remember who that person was?

4 A I don't recall the name.

5 Q Do you recall how the meeting with Mr.

6 Jeglikowski was also set up?

7 A I just stated.

8 Q I thought we were discussing Ms. Baker?

9 A Then the record isn't clear.

10 You asked me how the meeting with Mr.

11 Jeglikowski was set up, and I said I got a phone call.

12 Q How was the meeting with Ms. Baker set

13 up?

14 A Again, I think I've testified as to that.

15 After the meeting with Mr. Jeglikowski,

16 Mr. Jeglikowski asked if I would meet with some

17 people. He may have mentioned the names. One of them

18 specifically was Steve Roth.

19 I believe it was Mr. Roth who arranged

20 ~~the~~ the meeting with everyone.

21 Q Did you meet with Mr. Roth subsequently?

22 A I think -- I think this has been

23 testified to, hasn't it?

24 Q Did you met with Mr. Roth subsequent to

25 your meeting with Mr. Jeglikowski?

7
1 A Oh, yes.

2 Q When did you meet with Mr. Roth?

3 A At the meeting with Ms. Baker and the two
4 other people.

5 Q What was the date?

6 A I have no idea except to say that it was
7 after the meeting with Mr. Jeglikowski.

8 And to the best of my estimation, based
9 on some points of reference that I have, it was
10 sometime in early 1990. And then there was a long
11 period of time before I met with any of them again I
12 believe.

13 MR. STACK: I think we've already gotten
14 all these foundational questions at least once before.

15 Q BY MR. KATZ: What did you discuss with
16 Mr. Roth?

17 A I think you've asked me what was
18 discussed at that meeting. And --

19 Q I'm asking you what, if anything, did you
20 discuss with Mr. Roth at the meeting?

21 MR. VAN SICKLE: Particularly with Mr.
22 Roth, as opposed to everybody else in addition to what
23 she said?

24 Q BY MR. KATZ: With Mr. Roth personally at
25 the meeting with Mr. --

1 last bit of testimony.

2 Q BY MR. KATZ: Did any discussion suggest
3 that Mr. Yanny be used as a potential witness?

4 A No, I wouldn't have done that.

5 MR. STACK: Same objection.

6 Q BY MR. KATZ: Did you provide, at any of
7 these meetings or telephone conversations did you
8 provide information concerning Mr. Yanny and his
9 dealings with the Church of Scientology?

10 MR. STACK: Same objection.

11 A I don't think so. I don't think so.

12 The thing I recall is obviously there was
13 awareness of this trial. So I assume they knew that
14 he had previously been an attorney for the Church of
15 Scientology; several different corporations.

16 I don't recall there being any
17 substantive discussion other than that which I
18 mentioned before referring to the transcript.

19 Q BY MR. KATZ: At the meetings that you
20 had, that we've discussed, and any telephone
21 conversations that took place with an IRS employee in
22 connection with the Church of Scientology, did you
23 discuss the name of Richard Aznaran?

24 MR. STACK: Same objection.

25 A His name might have come up in connection

1 with the fair game issues. I don't recall
2 specifically.

3 MR. STACK: Move to strike that
4 testimony.

5 A I never discussed him.

6 Q BY MR. KATZ: Did you suggest the use of
7 Richard Aznaran as a potential witness?

8 MR. STACK: Same objection.

9 MR. VAN SICKLE: Object to the form of
10 the question.

11 A As I said, I may have discussed that he
12 might have information that would be relevant to their
13 concern about fair game, the practices of fair game.

14 Q BY MR. KATZ: Same question with respect
15 to Vickie Aznaran?

16 MR. STACK: Same objection.

17 A Same answer.

18 Also that she might have information with
19 regard to control aspects of the various Church of
20 Scientology organizations.

21 Q BY MR. KATZ: When you say "control,"
22 what do you mean?

23 A She had been president of RTC, so that is
24 a position of some, would put her in a position of
25 knowledge with respect to RTC at least.

1 MR. STACK: I'm movin' to strike that
2 response.

3 Q BY MR. KATZ: I don't quite understand
4 the term "control" that you used before.

5 A Management.

6 Q At any of these meetings or telephone
7 conversations --

8 At any of the meetings that we have
9 discussed, or any telephone conversations with IRS
10 employees that Ms. Plevin might have had in connection
11 with Church of Scientology, did you discuss an
12 individual named Ford Green.

13 MR. STACK: Same objection.

14 A No, I don't think so.

15 Q BY MR. KATZ: Same question with respect
16 to Bill Franks?

17 MR. STACK: Same objection.

18 A I don't recall.

19 Again, his name may have come up in
20 connection -- as I mentioned before -- with persons
21 who might be knowledgeable about fair game. And
22 management of the organizations.

23 But this is bordering now on speculation.
24 So it's very different.

25 Q BY MR. KATZ: Same question with respect

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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

- - -

HONORABLE MANUEL L. REAL, CHIEF JUDGE PRESIDING

- - -

VICKI J. AZNARAN, ET AL)
)
 Plaintiffs,)
)
 vs.)
)
 CHURCH OF SCIENTOLOGY)
 INTERNATIONAL, ET AL)
)
 Defendants. -)
)

No. CV89-6319-R

REPORTER'S TRANSCRIPT OF PROCEEDINGS

Los Angeles, California

March 5, 1990

RON WORTH, CSR
Official Court Reporter
406 United States Courthouse
312 North Spring Street
Los Angeles, California 90012
(213) 680-4047

RON WORTH, CSR

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APPEARANCES

In behalf of the Plaintiffs:

TOBY L. PLEVIN
Attorney at Law
6380 Wilshire Boulevard
Suite 1600
Los Angeles, California 90048
(213) 655-3183

In behalf of the Defendants:

BOWLES & MOXON
BY: KENDRICK L. MOXON
LAURIE J. BARTILSON
6255 Sunset Boulevard
Suite 2000
Hollywood, California, 90028
(213) 661-4030

1 COURT CLERK: Item 5, Civil 89-6319-R, Vicki
2 Aznaran, et al, versus Church of Scientology
3 International, et al.

4 Counsel, appearances, please.

5 MR. MOXON: Kendrick Moxon, Your Honor, on
6 behalf of the Defendants.

7 MS. BARTILSON: Good morning, Your Honor.
8 Laurie Bartilson on behalf of Defendant Church of
9 Scientology International.

10 MR. PLEVIN: I'm Toby Plevin appearing for the
11 Aznarans.

12 THE COURT: All right, counsel. Anything to
13 add to the documents which have been filed?

14 MR. MOXON: No, Your Honor.

15 MR. PLEVIN: Only, Your Honor, that the filing
16 by Defendants of a reply contending that they did not
17 receive the opposition requests filings timely
18 demonstrates the accuracy of the Aznarans' statement in
19 their opposition that indeed they did timely serve the
20 Notice of Voluntary Dismissal, and that its refusal by
21 Defendants, their refusal to accept certified mail is what
22 has caused their inconvenience, if any. And a law office
23 which operates on the premise that it can refuse mail I
24 think should not complain nor should its clients complain
25 if it does not receive timely notices.

RON WORTH, CSR

1 Other than that, of course, I think it is
2 obvious that the motion would require this Court to
3 evaluate, in fact, injudicate the merits of the complaint
4 and the factual issues alleged therein in order to come up
5 with a ruling that would demonstrate improper conduct, and
6 that is, of course, beyond the scope here.

7 THE COURT: Anything further?

8 MR. MOXON: This is the first time I've heard,
9 Your Honor, that there was any opposition filed. We've
10 not received any opposition.

11 I would note, Your Honor, that apparently they
12 claim they sent this by certified mail. They claim they
13 sent it by certified mail on February 15th, and that it
14 was -- if it was not received, I have no idea, Your Honor,
15 any --

16 THE COURT: It was not received or was it
17 refused?

18 MR. MOXON: I have no idea, Your Honor. We did
19 not receive anything. We did not refuse any certified
20 mail. We have no knowledge of that. We have no record
21 of --

22 THE COURT: In any event, Ms. Bartilson, you
23 have not given me any time records. I want your time
24 records.

25 MS. BARTILSON: Yes, Your Honor.

RON WORTH, CSR

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THE COURT: Those are to be filed tomorrow, and we'll have further hearing on this matter at 1:30 on March 16th, 1990.

MR. MOXON: Thank you, Your Honor.

MR. PLEVIN: Thank you, Your Honor.

THE COURT: Check whether or not they were refused, counsel.

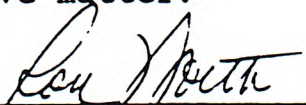
MR. PLEVIN: Attached to the opposition, Your Honor, there was the envelope.

THE COURT: I understand that. I'm asking counsel for the Defendant to do that.

MR. MOXON: Very good. We will, Your Honor. Thank you.

CERTIFICATE

I hereby certify that the foregoing is a true and correct transcript of the stenographically recorded proceedings in the above matter.



Ron Worth, CSR
Official Reporter

4-3-90
Date

DISTRICT COUNSEL
Internal Revenue Service
WESTERN REGION
350 Hercules Road
East Pavilion
Thousand Oaks, California 91321

October 1, 1991

Mr. Joseph A. Yanny
1923 Century Park East
Suite 1260
Los Angeles, CA 90067

In re: Church of Scientology of California
Church of Scientology International
Church of Scientology Western United States

Dear Mr. Yanny:

This confirms that I and two other IRS employees will meet with you at 10:00 a.m. on Thursday, October 1st. We will meet on that day despite the wording of the summonses designating October 3th as the date of your appearance.

And on the subject of the summonses, I want to point out that the summons issued by Revenue Officer Sandra Baker is not a so-called recordkeeper summons as described by 26 U.S.C. § 7609 because it falls under the exception for summonses issued in aid of collection. As to the two summonses issued by Revenue Agent Gary Ernst, they are also not recordkeeper summonses because they refer to records related to your lawsuit and not to records that you may hold in a custodial capacity. See Rapp v. United States, 774 F.2d 932 (9th Cir. 1985). So in neither case is the Church entitled to notice.

If you have any questions, call me at (805) 371-4724.

Sincerely yours,

JAMES A. NELSON
District Counsel

By:


GORDON L. GIDLUND
Attorney

Summons



Department of the Treasury
Internal Revenue Service

In the matter of Church of Scientology of California, 1404 North Catalina Street, Los Angeles, California, 90027

Internal Revenue District of Los Angeles Periods Employer's Quarterly Federal Returns for periods ending

The Commissioner of Internal Revenue
To Joseph A. Yanny March 31, 1976 through period ending December 31, 1986 inclusive

At 763 18th Street Hermosa Beach, California, 90254

You are hereby summoned and required to appear before S.C. Baker an officer of the Internal Revenue Service, to give testimony and to bring with you and to produce for examination the following books, records, papers, and other data relating to the collection of the tax liability or for the purpose of including into any offense connected with the administration or enforcement of the internal revenue laws concerning the person identified above for the periods shown.

All documents, records, or other data in your possession or control, and/or testimony concerning the above-named taxpayer for the periods January 1, 1976 through December 31, 1986 inclusive, including but not limited to:

- 1) the 1981 corporate reorganization
- 2) the transfer of property for full value or less than full consideration
- 3) the MCCS (Mission Corporate Category Sortout)
- 4) location of assets previously and/or presently owned
- 5) relationship of CSC with Church of Scientology Religious Trust and/or Building Management Services
- 6) Questions relative to the 100% penalty assessments made against various individuals

Business address and telephone number of Internal Revenue Service officer named above:

Internal Revenue Service 3660 Wilshire Boulevard Los Angeles, California, 90010
(213) 252-7822

Place and time for appearance:

at Federal Building 11000 Wilshire Boulevard Los Angeles, California 90025 Room 110

on the 8th day of October, 19 91 at 9.00 o'clock a M.

Issued under authority of the Internal Revenue Code this 26th day of September, 19 91

S.C. Baker [Signature] Revenue Officer
Signature of Issuing Officer

J. Garcia [Signature] Stamp Manager 098

Summons



Department of the Treasury
Internal Revenue Service

In the matter of Church of Scientology Western United States

Internal Revenue District of Los Angeles Periods 1/1/86 thru 12/31/97

The Commissioner of Internal Revenue

To Joseph A. Yanny
63 18th Street
At Redmosa Beach, CA 90254

You are hereby summoned and required to appear before Gary Ernst, Internal Revenue Agent an officer of the Internal Revenue Service, to give testimony and to bring with you and to produce for examination the following books, records, papers, and other data relating to the tax liability or the collection of the tax liability or for the purpose of inquiring into any offense connected with the administration or enforcement of the Internal Revenue laws concerning the person identified above for the periods shown.

Give testimony and produce any records relating, but not limited to, the Court Case No. CV 89-2621-R, filed by you or on your behalf in the U.S. District Court, Central District of California in May of 1989, against various Scientology organizations. A copy of said Complaint is attached herewith.

In particular, you should be prepared to provide testimony and documentation relating to the above named organization with regard to the following allegations:

- 1) Unity of control within the Scientology organizational structure.
- 2) The 1981 corporate reorganization, concealment of assets to avoid payment taxes, and subsequent direction of profits to foreign bank accounts.
- 3) Commercial activities.
- 4) Direction of profits from the commercial enterprise to L. Ron Hubbard, his family, estate, and certain business associates, and the continuation of direction of profits for the benefit of those in control of the enterprise after Hubbard's death.
- 5) "Fair Game" practices and public policy violations.
- 6) Misrepresentation of Scientology financial affairs and operating procedure tax returns filed.

Business address and telephone number of Internal Revenue Service officer named above:

2 Cupania Circle Monterey Park, CA 91754 (213) 725-7675

Place and time for appearance:

at 11000 Wilshire Blvd. Room 11212 Los Angeles, CA 90025

on the 8th day of October, 19 91 at 9:00 o'clock AM

Issued under authority of the Internal Revenue Code this 26th day of September 19 91

Gary Ernst
Signature of Issuing Officer

Internal Revenue

Debra Sum
Group Manager

Group Manager 01

PROOF OF SERVICE

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I am employed in the County of Los Angeles, State of California. I am over the age of eighteen (18) years and not a party to the within action. My business address is 6255 Sunset Blvd., Suite 2000, Hollywood, California 90028.

On August 25, 1992, I served the foregoing document described as NOTICE OF MOTION AND RENEWED MOTION TO RECUSE THE HONORABLE JAMES M. IDEMAN; MEMORANDUM OF POINTS AND AUTHORITIES; DECLARATIONS OF KENDRICK L. MOXON, MONIQUE E. YINGLING, AND LAURIE J. BARTILSON IN SUPPORT THEREOF on interested parties in this action,

- by placing the true copies thereof in sealed envelopes as stated on the attached mailing list;
- by placing the original a true copy thereof in sealed envelopes addressed as follows:

John Clifton Elstead
4900 Hopyard Rd. Suite 240
Pleasanton, CA 94588

Ford Greene
Hub Law Offices
711 Sir Francis Drake Boulevard
San Anselmo, CA 94960-1949

- BY MAIL
 - *I deposited such envelope in the mail at Los Angeles, California. The envelope was mailed with postage thereon fully prepaid.
 - As follows: I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with U.S. postal service on that same day with postage thereon fully prepaid at Los Angeles, California in the ordinary course of business. I am aware that on motion of party served, service is presumed invalid if postal cancellation date or postage meter date is more

than one day after date of deposit for mailing an affidavit.

Executed on August 25, 1992, at Los Angeles, California.

[] **** (BY PERSONAL SERVICE)** I delivered such envelope by hand to the offices of the addressee.

Executed on _____, at Los Angeles, California.

[] (State) I declare under penalty of the laws of the State of California that the above is true and correct.

[X] (Federal) I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

Type or Print Name

Signature

* (By Mail, signature must be of person depositing envelope in mail slot, box or bag)

** (For personal service signature must be that of messenger)